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203448

LEGISLATIVE HISTORY

Public Law 499--81st Congress

Chapter 152--2d Session

S. 930

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RURAL REHABILITATION. Directs the Secretary to liquidate, as expeditiously as possible but within three years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations. Provides for the disposition of funds under the following alternatives: (1) Out-right return to the States; (2) the return of title in the assets to the States with authority for the Secretary and the States to make a new agreement for the administration by the Secretary of such assets; and (3) the covering of such assets into the miscellaneous receipts of the Treasury if, upon the expiration of the 3-year period, the State has not exercised its option to claim the assets and have them administered under either of the other two provisions.



February 7, 1949 H. R. 2392 was introduced by Rep. Cooley and was referred to the House Committee on Agriculture. Print of the bill as introduced. (Companion bill).

February 14, 1949 S. 930 was introduced by Senator Anderson and Others and was referred to the Senate Committee on Agriculture and Forestry. Print of the bill as introduced.

March 4, 1949 H. R. 3244 was introduced by Rep. Hope and was referred to the House Committee on Agriculture. Print of the bill as introduced.

May 17, 1949 Hearings: House, H. R. 2392 and H. R. 3244.

May 19, 1949 Senate Committee reported S. 930 without amendment. Senate Report 403. Print of the bill as reported.

May 23, 1949 S. 930 passed the Senate as reported.

May 24, 1949 Print of S. 930 as referred to the House Committee on Agric.

May 27, 1949 Senate reconsidered their vote on passage of S. 930 and requested the House to return the bill for further consideration.

June 1, 1949 House ordered S. 930 returned to the Senate.

July 8, 1949 House Committee reported H. R. 2392 with amendments. House Report 1003. Print of the bill as reported.

August 9, 1949 Senate objected to consideration of S. 930.

August 15, 1949 Print of an amendment proposed by Senator Johnson to S. 930.

Sept. 23, 1949 Senate reconsidered their vote and passed S. 930 with amendments.

October 10, 1949 House Rules Committee reported H. Res. 382 for the consideration of H. R. 2392. House Report 1390. Print of the measure.

October 14, 1949 H. R. 2392 discussed in the House.

October 17, 1949 H. R. 2392 discussed in the House.

March 1, 1950 House began debate on H. R. 2392.

March 2, 1950 House concluded debate and passed H. R. 2392 as reported; then passed S. 930 with the language of H. R. 2392 substituted.

Rejected the following amendments:

63-78, Hope amendment to turn the principal part of the funds over to USDA to be used by FHA for loans under Title I or II of the Bankhead-Jones Farm Tenant Act, with the funds from each State being available for loans in that Statepp.2714-33.



March 2, 1950 9-38, Hall amendment, as a substitute for Rep. Hope's amendment, to transfer the funds to the Treasury Dept. as miscellaneous receipts pp. 2716-33.

Rep. Cooley explained the purposed of H. R. 2392 pp. 2735-7.

March 6, 1950 Senate agreed to the House amendments.

March 7, 1950 Senate reconsidered the vote agreeing to the House amendments and asked for a conference. Senate conferees appointed.

March 16, 1950 House conferees appointed.

March 31, 1950 House received the Conference Report. House Report 1865.

April 3, 1950 House agreed to the Conference Report.

April 19, 1950 Senate agreed to the Conference Report.

May 3, 1950 Approved. Public Law 499.











81ST CONGRESS  
1ST SESSION

# H. R. 2392

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1949

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

---

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That this Act may be cited as the "Rural Rehabilitation  
4      Corporation Trust Liquidation Act".

5      SEC. 2. (a) The Secretary of Agriculture (hereinafter  
6      referred to as the "Secretary") is hereby authorized and  
7      directed to take such action as may be appropriate and neces-  
8      sary to liquidate, as expeditiously as possible but within  
9      five years from the effective date of this Act, trusts under  
10     the transfer agreements with the several State rural re-

1 habilitation corporations, and is hereby authorized and di-  
2 rected to negotiate with responsible officials to that end.

3 (b) The Secretary, insofar as is necessary to protect  
4 the interests of the United States and the corporations shall  
5 proceed forthwith to the conversion to cash of investments  
6 constituting the trust assets by sale of real and personal  
7 properties, and by collection of loans and accounts receivable  
8 according to the tenor of such obligations.

9 (c) An application for the return of such properties  
10 shall be made to the Secretary by the State rural rehabilita-  
11 tion corporation pursuant to appropriate resolution of its  
12 board of directors. The application shall contain a covenant,  
13 binding upon the corporation when accepted by the Secretary  
14 on behalf of the United States, that the corporation will  
15 abide by the determinations and apportionments of the  
16 Secretary provided for in this Act and the payments made  
17 by the Secretary pursuant to this Act, that the returned  
18 assets and the income therefrom will be used only for such  
19 of the rural rehabilitation purposes permissible under the  
20 corporation's charter as may from time to time be agreed  
21 upon by the corporation and the Secretary; and that not to  
22 exceed 3 per centum of the book value of the corporation's  
23 assets will be expended by the corporation for administrative  
24 purposes during any year, without the approval of the Sec-  
25 retary of Agriculture. If the rural rehabilitation corporation

1 of any State has been dissolved and is not revived or re-  
2 incorporated or, for any other reason, is unable to make such  
3 application or to accept and administer such properties, the  
4 application and subsequent agreements may be made by  
5 such other agency or official of that State as may be desig-  
6 nated by the State legislature. The Secretary may transfer  
7 the trust funds or properties of such corporation to such  
8 successor agency or official if adequate provisions are made  
9 by the State legislature for holding the United States and  
10 the Secretary free from liability by virtue of the transfer  
11 to such successor agency or official.

12 (d) Except as hereinafter provided, upon receipt of  
13 appropriate application meeting the requirements of this Act,  
14 the Secretary shall do all things necessary to return to each  
15 such applicant all right, title, and interest of the United  
16 States in and to all cash, real and personal property, or the  
17 proceeds thereof, held on the date of the approval of this  
18 Act by the Secretary as trustee for the account of such State  
19 corporation, except that the Secretary may deduct from the  
20 funds of each such State corporation the expenses incident to  
21 completion of such transfer: *Provided*, That such transfer  
22 shall, insofar as possible, be accomplished in a manner  
23 consistent with the provisions of the trust agreement with  
24 each State rural rehabilitation corporation.

25 (e) In the event no application is made, as provided

1 for in this Act, within five years from the effective date  
2 hereof or disclaimer or release of interest under the trust  
3 transfer agreement by any State through its legislature, the  
4 Secretary shall cause all proceeds from assets held under  
5 or for the account of the transfer agreement with that State  
6 to be covered into miscellaneous receipts in the United  
7 States Treasury.

8 SEC. 3. The provisions of this Act shall apply also to  
9 all properties and assets of State rural rehabilitation corpo-  
10 rations held by Federal agencies other than the Department  
11 of Agriculture under the provisions of Executive Order  
12 Numbered 9070, or otherwise. For the purposes of this  
13 Act the assets of other corporations, derived through the  
14 use of Federal Emergency Relief Administration funds, and  
15 made available to them through State rural rehabilitation  
16 corporations or otherwise acquired by them for rural re-  
17 habilitation purposes, shall be considered as a part of the  
18 trust property of the State rural rehabilitation corporations  
19 in their respective States.

20 SEC. 4. For the purposes of this Act, the Secretary shall  
21 have the power to—

22 (a) employ on a contract basis (without regard  
23 to the provisions of the civil-service laws or the Classi-  
24 fication Act of 1923, as amended, but the contract shall  
25 in each case specify what civil service and related



1 laws, if any, shall be applicable to the employment  
2 after it has been made) such appraisers, accountants,  
3 attorneys, and other personnel as he may deem neces-  
4 sary, in the District of Columbia and elsewhere, to aid  
5 in the liquidation and transfer of the properties and  
6 assets pursuant to this Act, and in the entering into  
7 of agreements with the corporations, or other agencies  
8 or officials designated pursuant to section 2 (c) hereof,  
9 regarding the rural rehabilitation purposes for which  
10 the property and assets shall thereafter be used by them,  
11 and in determining that such agreed purposes are being  
12 carried out. The fees, salaries, and expenses of such  
13 appraisers, accountants, attorneys, and other personnel  
14 shall be equitably apportioned by the Secretary among  
15 the respective corporations and the amount so deter-  
16 mined to be applicable to each such corporation shall  
17 be paid by the Secretary from the trust fund of such  
18 corporation until the trust is liquidated, and thereafter  
19 by the corporation or other agency or official designated  
20 pursuant to section 2 (c) hereof. Attorneys so em-  
21 ployed, and their fees and expenses, shall be subject to  
22 the approval and under the supervision of the Solicitor  
23 of the Department of Agriculture;

24 (b) accept and utilize voluntary and uncompen-  
25 sated services, and with the consent of the agency con-

1       cerned, utilize the officers, employees, equipment, and  
2       information of any agency of the Federal Government,  
3       or of any State, Territory, or political subdivision;

4           (c) make such rules and regulations and such dele-  
5       gations of authority as he deems necessary to carry  
6       out the purposes of this Act.

7       SEC. 5. None of the properties or assets held on the  
8       date of the approval of this Act by the Secretary as trustee  
9       pursuant to trust agreements with the various State rural  
10      rehabilitation corporations may be used by the Secretary for  
11      any purpose after the effective date of this Act, except for  
12      the purposes authorized under section 2 (d) of this Act,  
13      and for loans made prior to July 1, 1949, and to be repaid  
14      in full no later than May 1, 1952, but otherwise consistent  
15      with the provisions of title II of the Bankhead-Jones Farm  
16      Tenant Act, as amended (7 U. S. C. A. 1007), where  
17      necessary to supplement credit already extended to bor-  
18      rowers from corporation trust funds.

19      SEC. 6. The determination of the Secretary with respect  
20      to the assets to be returned to each State rural rehabilita-  
21      tion corporation or other agency or official designated pur-  
22      suant to section 2 (c) hereof including, but not limited to  
23      interests in properties held jointly for such corporation and  
24      the United States, the partition of real property, the ex-  
25      penses incident to each transfer, the liabilities applicable

1 to such properties, and all other phases of the transfer shall  
2 be final and conclusive upon each State rural rehabilitation  
3 corporation or such successor agency or official designated  
4 pursuant to section 2 (c) hereof, and upon all officers and  
5 agencies of the United States.

6 (b) The Secretary shall be saved harmless against any  
7 personal liability he may incur in carrying out the provisions  
8 of this Act.

9 SEC. 7. Section 2 (f) of the Act of August 14, 1946  
10 (60 Stat. 1062), is hereby repealed.

81ST CONGRESS  
1ST SESSION

# H. R. 2392

---

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

---

By Mr. COOLEY

---

FEBRUARY 7, 1949

Referred to the Committee on Agriculture







81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 930

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 1949

Mr. ANDERSON (for himself, Mr. YOUNG, Mr. LANGER, and Mr. PEPPER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

---

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That this Act may be cited as the "Rural Rehabilitation  
4      Corporation Trust Liquidation Act".

5      SEC. 2. (a) The Secretary of Agriculture (hereinafter  
6      referred to as the "Secretary") is hereby authorized and  
7      directed to take such action as may be appropriate and  
8      necessary to liquidate, as expeditiously as possible but within  
9      five years from the effective date of this Act, trusts under  
10     the transfer agreements with the several State rural rehabili-

1 tation corporations, and is hereby authorized and directed  
2 to negotiate with responsible officials to that end.

3 (b) The Secretary, insofar as is necessary to protect  
4 the interests of the United States, and the corporations shall  
5 proceed forthwith to the conversion to cash of investments  
6 constituting the trust assets by sale of real and personal  
7 properties, and by collection of loans and accounts receivable  
8 according to the tenor of such obligations.

9 (c) An application for the return of such properties  
10 shall be made to the Secretary by the State rural rehabilita-  
11 tion corporation pursuant to appropriate resolution of its  
12 board of directors. The application shall contain a covenant,  
13 binding upon the corporation when accepted by the Secre-  
14 tary on behalf of the United States, that the corporation  
15 will abide by the determinations and apportionments of the  
16 Secretary provided for in this Act and the payments made  
17 by the Secretary pursuant to this Act, that the returned  
18 assets and the income therefrom will be used only for such  
19 of the rural rehabilitation purposes permissible under the  
20 corporation's charter as may from time to time be agreed  
21 upon by the corporation and the Secretary; and that not  
22 to exceed 3 per centum of the book value of the corporation's  
23 assets will be expended by the corporation for administra-  
24 tive purposes during any year, without the approval of the  
25 Secretary of Agriculture. If the rural rehabilitation corpo-

1 ration of any State has been dissolved and is not revived  
2 or reincorporated or, for any other reason, is unable to  
3 make such application or to accept and administer such  
4 properties, the application and subsequent agreements may  
5 be made by such other agency or official of that State as  
6 may be designated by the State legislature. The Secretary  
7 may transfer the trust funds or properties of such corporation  
8 to such successor agency or official if adequate provisions  
9 are made by the State legislature for holding the United  
10 States and the Secretary free from liability by virtue of  
11 the transfer to such successor agency or official.

12 (d) Except as hereinafter provided, upon receipt of  
13 appropriate application meeting the requirements of this Act,  
14 the Secretary shall do all things necessary to return to each  
15 such applicant all right, title, and interest of the United  
16 States in and to all cash, real and personal property, or the  
17 proceeds thereof, held on the date of the approval of this  
18 Act by the Secretary as trustee for the account of such State  
19 corporation, except that the Secretary may deduct from the  
20 funds of each such State corporation the expenses incident  
21 to completion of such transfer: *Provided*, That such transfer  
22 shall, insofar as possible, be accomplished in a manner con-  
23 sistent with the provisions of the trust agreement with each  
24 State rural rehabilitation corporation.

25 (e) In the event no application is made, as provided

1 for in this Act, within five years from the effective date  
2 hereof or disclaimer or release of interest under the trust  
3 transfer agreement by any State through its legislature, the  
4 Secretary shall cause all proceeds from assets held under or  
5 for the account of the transfer agreement with that State to  
6 be covered into miscellaneous receipts in the United States  
7 Treasury.

8       SEC. 3. The provisions of this Act shall apply also to  
9 all properties and assets of State rural rehabilitation corpora-  
10 tions held by Federal agencies other than the Department  
11 of Agriculture under the provisions of Executive Order Num-  
12 bered 9070, or otherwise. For the purposes of this Act  
13 the assets of other corporations, derived through the use of  
14 Federal Emergency Relief Administration funds, and made  
15 available to them through State rural rehabilitation corpora-  
16 tions or otherwise acquired by them for rural rehabilitation  
17 purposes, shall be considered as a part of the trust property  
18 of the State rural rehabilitation corporations in their respec-  
19 tive States.

20       SEC. 4. For the purposes of this Act, the Secretary  
21 shall have the power to—

22           (a) employ on a contract basis (without regard  
23 to the provisions of the civil-service laws or the Classi-  
24 fication Act of 1923, as amended, but the contract shall  
25 in each case specify what civil-service and related laws,



1 if any, shall be applicable to the employment after it  
2 has been made) such appraisers, accountants, attorneys,  
3 and other personnel as he may deem necessary, in the  
4 District of Columbia and elsewhere, to aid in the liquida-  
5 tion and transfer of the properties and assets pursuant  
6 to this Act, and in the entering into of agreements with  
7 the corporations, or other agencies or officials desig-  
8 nated pursuant to section 2 (c) hereof, regarding the  
9 rural rehabilitation purposes for which the property  
10 and assets shall thereafter be used by them, and in  
11 determining that such agreed purposes are being car-  
12 ried out. The fees, salaries, and expenses of such ap-  
13 praisers, accountants, attorneys, and other personnel  
14 shall be equitably apportioned by the Secretary among  
15 the respective corporations and the amount so determined  
16 to be applicable to each such corporation shall be paid  
17 by the Secretary from the trust fund of such corpora-  
18 tion until the trust is liquidated, and thereafter by the  
19 corporation or other agency or official designated pur-  
20 suant to section 2 (c) hereof. Attorneys so employed,  
21 and their fees and expenses, shall be subject to the ap-  
22 proval and under the supervision of the Solicitor of  
23 the Department of Agriculture;

24 (b) accept and utilize voluntary and uncompen-  
25 sated services, and, with the consent of the agency con-

1       cerned, utilize the officers, employees, equipment, and  
2       information of any agency of the Federal Government,  
3       or of any State, Territory, or political subdivision;

4               (c) make such rules and regulations and such dele-  
5       gations of authority as he deems necessary to carry out  
6       the purposes of this Act.

7       SEC. 5. None of the properties or assets held on the  
8       date of the approval of this Act by the Secretary as trustee  
9       pursuant to trust agreements with the various State rural  
10      rehabilitation corporations may be used by the Secretary for  
11      any purpose after the effective date of this Act, except for  
12      the purposes authorized under section 2 (d) of this Act, and  
13      for loans made prior to July 1, 1949, and to be repaid in  
14      full no later than May 1, 1952, but otherwise consistent  
15      with the provisions of title II of the Bankhead-Jones Farm  
16      Tenant Act, as amended (7 U. S. C. A. 1007), where  
17      necessary to supplement credit already extended to bor-  
18      rowers from corporation trust funds.

19      SEC. 6. (a) The determination of the Secretary with  
20      respect to the assets to be returned to each State rural  
21      rehabilitation corporation or other agency or official desig-  
22      nated pursuant to section 2 (c) hereof including, but not  
23      limited to interests in properties held jointly for such  
24      corporation and the United States, the partition of real  
25      property, the expenses incident to each transfer, the



1 liabilities applicable to such properties, and all other  
2 phases of the transfer shall be final and conclusive  
3 upon each State rural rehabilitation corporation or such  
4 successor agency or official designated pursuant to section  
5 2 (c) hereof, and upon all officers and agencies of the  
6 United States.

7 (b) The Secretary shall be saved harmless against  
8 any personal liability he may incur in carrying out the  
9 provisions of this Act.

10 SEC. 7. Section 2 (f) of the Act of August 14, 1946  
11 (60 Stat. 1062), is hereby repealed.

---

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

---

By Mr. ANDERSON, Mr. YOUNG, Mr. LANGER,  
and Mr. PEPPER

---

FEBRUARY 14, 1949

Read twice and referred to the Committee on  
Agriculture and Forestry





81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3244

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1949

Mr. HOPE introduced the following bill; which was referred to the Committee on Agriculture

---

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That this Act may be cited as the "Rural Rehabilitation  
4      Corporation Trust Liquidation Act".

5      SEC. 2. The Secretary of Agriculture (hereinafter  
6      referred to as the "Secretary") is hereby authorized and  
7      directed to take such action as may be appropriate and  
8      necessary to liquidate, as expeditiously as possible, and within  
9      five years from the effective date of this Act, trusts under  
10     the transfer agreements with the several State rural rehabili-

1 tation corporations: *Provided*, That the Secretary shall be  
2 saved harmless against any personal liability he may incur  
3 in carrying out the provisions of this Act.

4 SEC. 3. Except as hereinafter provided, the Secretary,  
5 during the period specified in section 2, shall—

6 (a) convert the assets and properties held by  
7 him in trust into cash and promptly transmit such  
8 cash to the Treasury of the United States for de-  
9 posit to miscellaneous receipts: *Provided*, That obli-  
10 gations which do not mature within such period shall  
11 be liquidated at maturity or on default whichever is  
12 the sooner: *Provided further*, That the Secretary  
13 may retain and use so much of said funds as he finds  
14 will be necessary in carrying out the provisions of  
15 this Act;

16 (b) cause to be transferred to miscellaneous re-  
17 cepts of the Treasury whatever cash may be in the  
18 trust accounts on the date of the approval of this Act  
19 as he deems is not needed for the purpose of subpara-  
20 graph (a) of this section and section 4 of this Act.

21 SEC. 4. None of the properties or assets held on the  
22 date of the approval of this Act by the Secretary as  
23 trustee pursuant to transfer or trust agreements with the  
24 various State rural rehabilitation corporations may be  
25 used by the Secretary for any purpose after the effective



1 date of this Act, except for the purpose authorized under  
2 section 3 (a) of this Act, and for loans to be repaid in  
3 full no later than May 1, 1952, but otherwise consistent  
4 with the provisions of title II of the Bankhead-Jones  
5 Farm Tenant Act, as amended (7 U. S. C. A. 1007),  
6 where necessary to supplement credit already extended  
7 to borrowers from corporation trust funds.

8 SEC. 5. The Secretary shall have the power to make  
9 such rules and regulations and such delegations of author-  
10 ity as he deems necessary to carry out the purposes of  
11 this Act.

12 SEC. 6. Section 2 (f) of the Act of August 14, 1946  
13 (60 Stat. 1062), is hereby repealed.

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> Session

# H. R. 3244

## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

By Mr. HOPE

MARCH 4, 1949

Referred to the Committee on Agriculture





# LIQUIDATION OF RURAL REHABILITATION TRUST FUNDS

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## HEARINGS

BEFORE

THE COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-FIRST CONGRESS

FIRST SESSION

---

MAY 17 AND JUNE 9, 1949

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**Serial T**

Printed for the use of the Committee on Agriculture



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1949





# LIQUIDATION OF RURAL REHABILITATION TRUST FUNDS

TUESDAY, MAY 17, 1949

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D. C.

The Committee on Agriculture met in the committee room, 1310 New House Office Building, at 11 a. m., Hon. Harold D. Cooley, chairman, presiding.

The CHAIRMAN. The committee will please be in order.

We are here to consider H. R. 2392 and H. R. 3244.

(The bills referred to follow:)

[H. R. 2392, 81st Cong. 1st sess.]

A BILL To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."*

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within five years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties shall be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the corporation when accepted by the Secretary on behalf of the United States, that the corporation will abide by the determinations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the corporation and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the corporation for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States

in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this Act, within five years from the effective date hereof or disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

SEC. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this Act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

SEC. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

SEC. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

[H. R. 3244, 81st Cong., 1st sess.]

A BILL To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."*

SEC. 2. The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible, and within five years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations: *Provided*, That the Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

SEC. 3. Except as hereinafter provided, the Secretary, during the period specified in section 2, shall—

(a) convert the assets and properties held by him in trust into cash and promptly transmit such cash to the Treasury of the United States for deposit to miscellaneous receipts: *Provided*, That obligations which do not mature within such period shall be liquidated at maturity or on default, whichever is the sooner: *Provided further*, That the Secretary may retain and use so much of said funds as he finds will be necessary in carrying out the provisions of this Act;

(b) cause to be transferred to miscellaneous receipts of the Treasury whatever cash may be in the trust accounts on the date of the approval of this Act as he deems is not needed for the purpose of subparagraph (a) of this section and section 4 of this Act.

SEC. 4. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to transfer or trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purpose authorized under section 3 (a) of this Act, and for loans to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 5. The Secretary shall have the power to make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

SEC. 6. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

The CHAIRMAN. We have a report from the Secretary of Agriculture, the Hon. Charles F. Brannan, under date of April 27, 1949, which I would like to place in the record.

(The report is as follows:)

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, April 27, 1949.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR MR. COOLEY: This is in response to your letter of February 16, 1949, requesting a report on H. R. 2392, a bill to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

The bill would require the Secretary of Agriculture to take such action as may be appropriate and necessary to liquidate as expeditiously as possible, but within 5 years from the effective date of the bill, trusts under transfer agreements with the several States rural rehabilitation corporations, and to negotiate with responsible officials to that end. Investments constituting the trust assets would be converted into cash insofar as necessary to protect the interests of the United States and the corporations. Application for the return of the properties would



have to be made upon the Secretary by the State rural rehabilitation corporations. The application would be required to contain a covenant binding upon the corporation, when accepted by the Secretary on behalf of the United States, that the corporation would abide by the determinations and apportionments of the Secretary provided for in the bill and the payments made by the Secretary pursuant to the bill, and that the returned assets and income therefrom would be used only for such rural rehabilitation purposes as is permissible under the corporation's charter and as might be agreed upon from time to time by the corporation and the Secretary. Not more than 3 percent of the book value of the corporation assets could be expended by the corporation for administrative expenses during any year without approval of the Secretary.

Under the bill, if a corporation were dissolved or for any other reason could not make application for the property, the application and subsequent agreements could be made by such other agency or official of the State as might be designated by the State legislature. If no application were made within 5 years from the effective date of the bill, or a disclaimer were filed by any State acting through its legislature, the Secretary would be required to cause all proceeds from assets held under the transfer agreement with the corporation for that State to be covered into the miscellaneous receipts of the United States Treasury.

The provisions of the bill apply to all property and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture, including assets of other corporations derived through the use of Federal Emergency Relief Administration funds and made available to such corporations through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes.

The bill would permit the Secretary to employ on a contract basis, without regard to the provisions of the civil service laws or Classification Act of 1923, as amended, such appraisers, accountants, attorneys, and other personnel as he might deem necessary to aid in the liquidation and transfer of the properties and assets, and in entering into agreements for the continued use of the funds. The contract, however, could provide that the civil service and related laws would apply to the employment. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel would be equitably apportioned by the Secretary among the several corporations. The amount so determined to be applicable to each corporation would be paid by the Secretary from the trust funds of the corporation until the trust is liquidated and, thereafter, by the corporation or other agency or official designated by the State legislature. Attorneys so employed and their fees and expenses would be subject to the approval and supervision of the solicitor of the Department of Agriculture.

In addition to the use of assets for the foregoing purposes, the Secretary would also be authorized to use the assets for loans made prior to July 1, 1949, to be repaid in full not later than May 1, 1952, and consistent with title II of the Bankhead-Jones Farm Tenant Act, where necessary to supplement credit already extended to borrowers of corporation trust funds. Section 2 (f) of the Farmers Home Administration Act of 1946 would be repealed.

As a matter of convenience, there is attached to this report and marked "Exhibit A" a short history of the assets, corporations, and agreements with which the bill is concerned. As indicated in exhibit A, it appears from the information available to this Department that the assets comprising the subject matter of the bill were derived from Federal funds made available or appropriated by the Federal Emergency Relief Act of 1933 (48 Stat. 55), the act of February 15, 1934 (48 Stat. 351), and the Emergency Appropriation Act, fiscal year 1935 (48 Stat. 1021, 1056). It is the position of this Department that such funds were made available to the States solely to help them in alleviating the distress caused by the economic depression of the 1930's and the drought of 1934. The funds were not made available for rural rehabilitation as such, as was the case in later appropriations. This distinction is important. As fully developed by the Resettlement Administration and the Farm Security Administration under appropriations made for "Rural rehabilitation" that term was construed to encompass any program which had for its purpose the improvement of the economic status or physical well-being of the low-income groups of our farm population and the need for the program was not required to be based upon a particular drought or depression. Thus, while benefits obtained from appropriations made for depression or drought relief might well result in rural rehabilitation, nevertheless, it seems clear that the need for rehabilitating farm families, which undeniably exists today, does not stem from an emergency created by the late depression or the 1934 drought. It, therefore, seems obvious that the funds in question can no longer be used for the purpose for which

they were made available by Congress, notwithstanding the fact that a need for rural rehabilitation exists. Consequently, it is not believed that there is any legal or moral basis for requiring the return of the assets to the corporations or States at this time. The transfer agreements could not have the effect of enlarging the purpose for which the funds were made available by Congress, nor could they militate against the right of Congress to order the return of the funds to the Treasury when they could no longer be used for the purpose for which they were granted.

Accordingly, the bill poses the basic issue of whether the Congress should at this time make available to the States on the apportionment which would necessarily result from the terms of the bill, the sum of approximately \$50,000,000 to be administered by State organizations for rural rehabilitation purposes.

Within the last few years the problem of rural rehabilitation has been the subject of extensive congressional investigation and consideration. As a result, the Farmers Home Administration Act of 1946 was enacted. Under the terms of that act the Farm Security Administration was abolished and its resettlement and rural rehabilitation projects required to be liquidated. Grants, save for some minor exceptions to aid in liquidation, were eliminated. On the other hand, the act revised and strengthened title I of the Bankhead-Jones Farm Tenant Act which provides for the tenant-purchase program, made provision for the insured mortgage program, and set up, under title II of the Bankhead-Jones Farm Tenant Act, a program of production and subsistence loans under which farmers and stockmen who cannot obtain credit elsewhere may obtain loans for the purchase of livestock, seed, feed, fertilizer, farm equipment and supplies, refinancing of indebtedness, and family subsistence. These programs are now administered by the Farmers Home Administration. Under them it is possible for sharecroppers, tenants, farm laborers, and veterans to acquire family-size farms either by means of 100-percent direct loans from the Government or where the applicant can make a 10-percent down payment by means of loans from private lenders which are fully insured by the Government. Operators of family-size farms, whether owners, tenants, or sharecroppers, who are in strained financial circumstances, may also obtain operating loans on reasonable terms and conditions, and thus are given an opportunity not only to farm but to farm more efficiently and thereby help themselves and their communities.

The act also contains certain provisions designed to safeguard the interests of both the Government and the borrower. For example, a borrower to be eligible for a loan must be certified by a local committee of farmers to the effect that in the opinion of the committee he will honestly endeavor to carry out his obligations under the loan contract. A loan placed on a farm cannot exceed the normal earning capacity of the farm, nor can the value of the farm exceed the average value of family size farms in the community. The initial operating loan to one borrower must not exceed \$3,500, and total operating loans to the borrower must not exceed \$5,000. No loans can be made for operating purposes if the borrower has not liquidated his indebtedness at the end of 5 years. These safeguards are desirable, although some of them may need to be reexamined from time to time in the light of changing conditions. In short, we believe the Bankhead-Jones Farm Tenant Act, as amended by the Farmers Home Administration Act of 1946, is a good law and fills a vital need in a well-rounded program for agriculture. Moreover, it is, in our opinion, an effective and well conceived answer to the problem of rural rehabilitation. Therefore, this Department urges that whatever resources of the Federal Government the Congress believes should be made available to low-income farmers be administered under the Bankhead-Jones Farm Tenant Act. In this connection, while H. R. 2392 would require the Secretary to approve the rural rehabilitation purposes for which the funds returned to the corporations are to be used, it is not our understanding that it would be the will of Congress for the Secretary to approve programs similar to those abolished by the Farmers Home Administration Act of 1946, but rather that the purposes approved should correspond to the types of programs authorized by the Bankhead-Jones Farm Tenant Act. It follows that the enactment of H. R. 2392 would, in practical effect, result in 43 State agencies duplicating in some measure the work of the Farmers Home Administration with Federal funds and without contribution from the States. Obviously such a program would not be in the interest of economy in Government administration. Furthermore, the apportionment of funds under the bill among the States would bear little relation to the need as it exists today. Five States would receive no money at all, whereas 2 States would receive over \$3,000,000. The apportionment is set out in detail in a balance sheet for the corporations which is attached hereto and marked "Exhibit B."



For the foregoing reasons this Department favors the return of the corporation assets to the Federal Treasury and recommends that the bill be not passed. However, as was pointed out to the Eightieth Congress by my predecessor, it is highly desirable that section 2 (f) of the Farmers Home Administration Act of 1946 be clarified and the Secretary be given further directions with respect to both the method of liquidation and the final disposition of the corporation assets. The Department, therefore, urges that legislation to that end be passed, even though it may be the will of Congress to order the return of the assets to the States or corporations.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely,

CHARLES F. BRANNAN, *Secretary*.

#### EXHIBIT A.—HISTORY OF ASSETS, CORPORATIONS, AND AGREEMENTS

##### SOURCE OF FUNDS

From the information available to this Department, it appears that the assets comprising the subject matter of H. R. 2392 were derived from Federal funds made available or appropriated by the Federal Emergency Relief Act of 1933 (48 Stat. 55), the act of February 15, 1934 (48 Stat. 351), and the Emergency Appropriation Act, fiscal year 1935 (48 Stat. 1021, 1056).

The first section of the Federal Emergency Relief Act of 1933 reads as follows: "*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increasing inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people.*"

Section 4 (a) provides: "Out of the funds of the Reconstruction Finance Corporation made available by this act, the Administrator is authorized to make grants to the several States, to aid in meeting the cost of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of money, service, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency, and/or to their dependents, whether resident, transient, or homeless."

The act of February 15, 1934, appropriated the sum of \$950,000,000 for carrying out the purpose of the Emergency Relief Act of 1933.

The Emergency Appropriation Act, fiscal year 1935, appropriated money for the purposes of the Federal Emergency Relief Act of 1933 and, in addition, carried the following item: "To meet the emergency and necessity for relief in stricken agricultural areas, to remain available until June 30, 1935, \$525,000,000, to be allocated by the President to supplement the appropriations heretofore made for emergency purposes and in addition hereto for (1) making loans to farmers for, and/or (2) the purchase, sale, gift, or other disposition of seed, feed, freight, summer fallowing, and similar purposes; expenditures hereunder and the manner in which they shall be incurred, allowed, and paid, shall be determined by the President, and may include expenditures for personal services and rent in the District of Columbia and elsewhere and for printing and binding and may be made without regard to the provisions of section 3709 of the Revised Statutes." The legislative history indicates this item was intended to afford relief from the drought of 1934. By Executive Order 6747, dated June 23, 1934, \$56,250,000 out of the \$525,000,000 was made available to Federal Emergency Relief Administration for making grants to the States together with an additional amount of \$12,500,000 for the purpose of increasing employment through the purchase of lands in the stricken areas.

The Federal Emergency Relief Act of 1933 created the Federal Emergency Relief Administration under the head of the Federal Emergency Relief Administrator. The Administrator was charged with administering the act and was empowered under rules and regulations prescribed by the President to assume control of the State relief administration in any State or States where, in his judgment, more effective cooperation between State and Federal authorities could thereby be secured in carrying out the purpose of the Act. The Administrator was also authorized to conduct investigations relating to relief and was required to submit to



the President and to the Senate and House of Representatives a monthly report of the activities and expenditures under the Act. The Administration and the Office of the Administrator was to cease to exist at the expiration of 2 years from the date of the act. However, the Administration was continued until it was ordered liquidated by the act of June 22, 1936 (49 Stat. 1597, 1611). Direct Federal relief was continued under the Works Progress Administration, which was established on May 6, 1935, and not ordered liquidated until December 4, 1942.

#### CREATION OF CORPORATIONS

Funds granted by the Federal Emergency Relief Administration to the States for rural relief were earmarked as such and administered by rural rehabilitation divisions in the State Emergency Relief Administrations. Since these funds were used to make loans and, in some instances, to purchase land, it was thought desirable by the Federal Emergency Relief Administration to have created in each State a nonprofit corporation to handle rural relief. Accordingly, between July 1934 and April 1935 corporations which later functioned were organized in 43 States. Most of the directors of the corporations were connected with the State or Federal Emergency Relief Administrations. The stock of the corporations was pledged with the Federal Emergency Relief Administrator to insure compliance with the grants. Under the act of February 15, 1934, some grants were made directly to the corporations. Pursuant to a directive of the Federal Emergency Relief Administration, most of the functions of the rural rehabilitation divisions in the State emergency relief administrations were transferred to the corporations.

#### TRANSFER AGREEMENTS

The Emergency Relief Appropriation Act of 1935 (49 Stat. 115), approved April 8, 1935, appropriated \$500,000,000 for rural rehabilitation and relief in stricken agricultural areas, water conservation, transmountain water diversion, and irrigation and reclamation. Funds were also made available for use at the discretion of the President for making loans to finance the purchase of farm lands and necessary equipment for farmers, farm tenants, croppers, and farm laborers. Pursuant to that Act, the President created the Resettlement Administration by Executive Order No. 7027, dated April 30, 1935, primarily for the purpose of administering the foregoing program of the Federal Emergency Relief Appropriation Act of 1935.

It is our understanding that it was the original intention of the Resettlement Administrator to carry out these programs through the State corporations. However, because of an informal ruling of the Comptroller General, it was impossible to carry out these programs through grants to the States or agencies thereof, including the corporations, and it became necessary to administer the programs as a direct Federal activity. See page 47 of the Report of the Select Committee of the House Committee on Agriculture to investigate the activities of the Farm Security Administration.

On June 19, 1935, the Federal Emergency Relief Administrator ordered all State emergency relief administrators to transfer all funds and inventories of feed and other goods, and chattels and all accounts receivable, all land, buildings, equipment, and all other property, real or personal, of any nature whatsoever, acquired for, or incident to, rural rehabilitation or drought relief purposes to the corporations prior to the close of June 30, 1935. The order also stated that further instructions would be issued by the Administrator of the Resettlement Administration with respect to the administrative machinery which would be adopted after June 30, 1935, by the Resettlement Administrator for continuing the program of rural rehabilitation, including cases receiving loans for livestock feed in drought areas.

When it became apparent that the corporations could no longer be financed by Federal funds, the corporations, on or about June 30, 1935, vested the management of their assets in the Resettlement Administration and agreed to transfer their assets to the United States for the purpose of carrying on a rural rehabilitation program in the particular State involved. This was done with the approval of the Comptroller General. See Opinion A-63140, dated July 31, 1935. A typical form of resolution used for this purpose is attached hereto and marked "Exhibit C." Pursuant to the resolutions, practically all of the assets of the corporations were transferred either to the Administrator of the Resettlement Administration or Secretary of Agriculture, in accordance with transfer agreements entered into at various times between December 1935 and August 1941. A form of a typical agreement is attached hereto and marked "exhibit D."

## OTHER DATA

On January 1, 1937, by Executive Order 7530, the functions and duties of the Resettlement Administration were transferred to the Department of Agriculture. Shortly thereafter the name of the Resettlement Administration was changed to Farm Security Administration. In the Department of Agriculture Appropriation Act, 1944, approved July 12, 1943, provision was made that the Secretary could use Corporation funds only for the purposes for which funds appropriated under the item, "Loans, grants, and rural rehabilitation," could be used. This same restriction was carried in each appropriation act thereafter up to and including the act of 1947, approved July 22, 1946. On August 14, 1946, the Farm Security Administration was abolished by the Farmers Home Administration Act of 1946.

LIQUIDATION OF RURAL REHABILITATION TRUST FUNDS

State	Cash	Loans re- ceivable	Accounts and notes re- ceivable	Land struc- tures and equipment	Other as- sets <sup>1</sup>	Total assets	Liabilities, reserves, and trust obligations				Accrued in- terest <sup>2</sup>
							Accounts payable	Reserve for bad debts	Trust obli- gations	Total	
	1	2	3	4	5	6	7	8	9	10	11
Alabama	\$551,578.83	\$667,822.92	\$24,590.45	\$81.70	0	\$1,244,113.90	0	\$75,481.31	\$1,108,632.59	\$1,244,113.90	\$17,874.14
Arizona	84,216.66	123,922.32	38,818.63	2,176.89	0	249,131.50	0	28,121.18	221,013.32	249,131.50	18,136.78
Arkansas	1,070,316.67	1,385,886.15	29,610.79	46,763.46	\$80.00	2,532,667.03	0	240,470.15	2,292,196.38	2,532,667.03	283,460.37
California	56,849.16	70,370.89	59,067.31	7,843.87	0	178,443.57	0	16,787.58	161,655.99	178,443.57	120,416.79
Colorado	453,585.49	900,775.13	14,007.89	5,603.26	0	1,374,865.69	0	213,903.71	1,160,961.98	1,374,865.69	108,259.64
Florida	174,165.76	395,932.30	39,502.00	618.55	0	610,218.61	0	67,828.44	542,390.17	610,218.61	10,913.01
Georgia	1,001,635.89	1,561,694.68	12,237.87	4,886.03	0	2,580,514.47	\$7,033.66	268,379.27	2,305,101.54	2,580,514.47	48,347.78
Idaho	71,433.97	135,165.12	16,334.35	4,052.18	0	227,035.62	0	35,811.34	191,224.28	227,035.62	26,033.50
Illinois	295,605.33	346,015.82	2,984.55	0	.79	644,396.49	0	85,778.96	558,617.53	644,396.49	64,942.23
Indiana	150,037.19	183,988.24	0	0	0	335,012.93	0	43,612.00	291,400.93	335,012.93	32,505.41
Iowa	199,364.97	151,223.75	3,343.83	0	0	1,253,932.55	0	258,042.69	995,889.86	1,253,932.55	74,891.77
Kansas	593,038.37	383,322.37	1,314.72	0	0	1,117,675.46	0	139,989.38	977,685.88	1,117,675.46	40,711.06
Kentucky	208,983.52	388,468.71	3,699.23	1,863.75	0	602,133.85	0	96,391.44	505,742.41	602,133.85	55,283.03
Louisiana	81,095.90	140,908.39	39,270.72	1,102.39	109.45	263,238.21	0	33,024.20	230,213.92	263,238.21	26,290.73
Maine	122,449.21	220,548.00	1,792.02	400.00	0	345,195.38	0	54,847.56	290,341.67	345,195.38	70,371.31
Michigan	220,074.17	477,868.93	2,498.72	3,653.56	1,106.00	705,916.86	0	118,023.43	587,171.95	705,916.86	240,597.99
Minnesota	1,930,021.44	1,786,974.33	7,022.69	8,898.43	155.50	3,732,916.82	20.51	416,941.66	3,316,867.53	3,732,916.82	271,515.48
Mississippi	801,883.61	1,254,800.68	30,341.62	666.43	123.48	2,491,905.85	0	211,841.66	2,280,064.19	2,491,905.85	223,283.04
Missouri	66,570.93	1,679,948.90	162,187.78	2,759.99	0	511,320.69	0	374,179.64	494,955.45	511,320.69	25,118.36
Montana	849,601.04	239,791.43	475,844.13	695.53	0	2,565,932.13	0	283,336.75	2,282,595.38	2,565,932.13	149,746.63
Nevada	41,352.31	54,120.63	0	0	0	95,472.94	0	12,242.75	83,230.19	95,472.94	7,022.89
New Hampshire	22,244.40	96,378.53	0	0	0	118,622.93	0	22,751.11	95,871.82	118,622.93	7,737.00
New Jersey	96,461.28	389,508.27	6,635.60	0	450.00	492,955.15	0	91,332.89	401,622.26	492,955.15	26,038.23
New Mexico	267,065.15	1,066,853.48	8,695.25	11,614.45	165,368.63	1,519,616.96	1,291.74	255,738.70	1,262,586.52	1,519,616.96	162,638.18
New York	20,967.32	70,323.96	0	0	0	91,231.28	0	17,580.99	73,710.29	91,231.28	14,396.32
North Carolina	698,198.76	107,079.12	4,655.80	6,408.58	0	816,342.26	0	25,738.09	790,604.17	816,342.26	28,216.93
North Dakota	835,745.88	847,724.79	536,663.30	1,284.10	0	2,223,418.07	0	206,601.63	2,016,816.44	2,223,418.07	138,112.26
Ohio	357,917.81	725,686.18	5,176.35	5.00	0	1,088,785.34	0	166,514.37	922,271.07	1,088,785.34	98,535.52
Oklahoma	749,710.49	1,056,901.88	7,142.29	2,125.66	400.00	1,826,279.49	0	247,449.58	1,578,829.91	1,826,279.49	215,492.24
Oregon	43,355.78	46,925.02	0	25.26	0	90,306.86	0	7,445.69	82,861.17	90,306.86	49,108.77
Pennsylvania	147,990.85	359,690.46	5,057.00	0	0	512,738.31	0	81,354.88	431,383.43	512,738.31	36,926.67
South Carolina	396,315.70	882,667.14	15,057.00	47,160.25	0	1,341,649.80	3,355.37	103,278.32	1,235,016.11	1,341,649.80	39,918.61
South Dakota	1,428,134.61	1,949,647.71	15,292.38	2,645.21	0	3,395,719.91	0	479,151.05	2,921,568.26	3,395,719.91	447,248.75
Tennessee	384,451.20	598,464.78	6,998.80	166.64	0	1,114,017.63	0	119,417.63	840,664.39	1,114,017.63	67,568.75
Texas	1,612,958.66	1,662,758.01	41,993.43	66,821.33	35.00	3,384,566.43	4,365.07	386,407.86	2,993,793.50	3,384,566.43	181,552.85

See footnotes at end of table, p. 10.

EXHIBIT B.—United States Department of Agriculture, Farmers Home Administration, consolidated balance sheet of Rural Rehabilitation Corporation as of Dec. 31, 1948—Continued

State	Cash 1	Loans re- ceivable 2	Accounts and notes re- ceivable 3	Land struc- tures and equipment 4	Other as- sets <sup>1</sup> 5	Total assets 6	Liabilities, reserves, and trust obligations				Accrued in- terest <sup>2</sup> 11
							Accounts payable 7	Reserve for bad debts 8	Trust obli- gations 9	Total 10	
Utah.....	\$103,166.49	\$409,077.21	\$3,638.11	\$26,518.24	\$5,601.14	\$548,001.19	0	\$96,154.93	\$151,846.26	\$458,001.19	\$32,929.01
Vermont.....	13,356.29	74,033.15	0	0	0	87,989.44	0	17,224.63	70,764.81	87,989.44	2,993.71
Virginia.....	597,377.28	550,760.59	22,947.98	163.05	720.00	1,171,908.90	0	132,365.22	1,039,603.68	1,171,908.90	69,026.49
Washington.....	264,682.48	391,841.90	33,597.75	19,339.76	0	709,361.89	0	100,568.78	608,793.11	709,361.89	107,157.48
West Virginia.....	405,712.14	295,780.45	4,624.79	94.00	0	706,211.38	0	73,845.11	632,366.27	705,211.38	28,664.20
Wisconsin.....	643,999.31	810,693.03	2,147.15	0	1,844.53	1,458,684.02	0	187,439.08	1,271,244.94	1,458,684.02	82,248.80
Wyoming.....	201,058.91	324,139.17	182,908.00	3,979.04	0	712,145.12	0	77,318.63	634,826.49	712,145.12	35,694.90
Grand total.....	19,093,949.80	27,623,926.51	1,881,416.46	264,853.11	176,018.52	48,643,164.40	\$16,036.35	5,981,187.90	42,645,910.15	48,643,164.40	3,881,753.50

<sup>1</sup> Other assets: Deferred charges, \$8,095.41; supplies and materials, \$109.45; acquired chattels, \$1,745.50; assets on loans to other agencies, \$106,068.16; total, \$176,018.52.

<sup>2</sup> Accrued interest has not been reflected on this balance sheet by State because it is computed on the basis of loan accounts serviced by individual corporations, and these accounts include those transferred from other corporations for collection purposes. The Nation-wide total, as calculated, is correct.



EXHIBIT C. RESOLUTION OF THE STOCKHOLDERS AND THE BOARD OF DIRECTORS  
OF THE ——— RURAL REHABILITATION CORPORATION

Whereas this corporation was organized and has been operating for the purpose of carrying on a rural rehabilitation program in the State of ——— from funds granted by the United States through the Federal Emergency Relief Administration; and

Whereas this corporation has been advised that no further Federal grants will be made for carrying on the activities of this corporation, but that funds for carrying out rural rehabilitation in said State will be available for expenditure by the Resettlement Administration of the United States established by Executive Order 7027 of April 30, 1935; and

Whereas this corporation is unable to secure funds from any other sources to carry on the rural rehabilitation program in said State and will therefore be obliged to abandon said program with resulting impairment of the value of the assets it now holds and hardship and distress to the families and communities which are being cared for by said program unless the plan hereinafter set forth is adopted: Now, therefore, be it

*Resolved*, on motion duly made and carried, That for and in consideration of the expenditures to be hereafter made by the United States and/or the Resettlement Administration for rehabilitation purposes in said State, and other valuable considerations, the receipt of which is hereby acknowledged:

(a) This corporation does hereby agree to bargain, sell, convey, and transfer to the United States of America and/or the Resettlement Administration such or all of the assets of this corporation, real, personal, and mixed, of whatever character and wherever located, now held or hereafter acquired, as the Resettlement Administration may from time to time direct, to be used together with other available funds for rural rehabilitation purposes in said State, provided that the foregoing obligation shall become effective upon the written approval of the attorney general of said State; and provided further, that prior to or in connection with such transfer of assets, provision be made for the payment or assumption of outstanding liabilities by the Resettlement Administration.

(b) Effective immediately and until such time as all the assets of the corporation have been transferred pursuant to paragraph (a), this corporation hereby authorizes the Resettlement Administrator, or his duly authorized agent, exclusively, to manage and direct the administration of its assets and the expenditure of its funds in such manner as said Administrator shall determine to be necessary to so coordinate the administration of said assets and the expenditure of said funds with direct expenditures by the Resettlement Administration under the Emergency Relief Appropriation Act of 1935 as to effectively carry out the purposes of this corporation in providing rural rehabilitation in the State of ———.

(c) As security for the performance by this corporation of this resolution, the stockholders and directors of this corporation are hereby authorized and directed to and do hereby pledge with the Administrator of the Resettlement Administration their certificates of stock and the shares of stock represented thereby and upon any default by this corporation in the undertaking herein set forth the said Administrator shall have the power to vote said stock in the name, place, and stead of the stockholders and directors as their lawful attorney and agent with full power of substitution for the transaction of any and all business and the doing of any and all acts as fully and with like effect as could be done by said stockholders and directors.

*Resolved further*, That the pledges of stock heretofore made to the Federal Emergency Relief Administrator be and the same hereby are terminated and said Administrator is hereby authorized and directed to deliver said certificates of stock to the Administrator of the Resettlement Administration as evidence of the foregoing pledge agreement.

*Further resolved*, That the President of this corporation is hereby authorized and directed to execute all such instruments, whether requiring the corporate seal or not, and to take all such steps as may be necessary or appropriate to carry into effect the foregoing resolution.

## EXHIBIT D.—AGREEMENT OF TRANSFER BETWEEN THE ——— RURAL REHABILITATION CORPORATION AND THE UNITED STATES OF AMERICA

## ARTICLE I. PURPOSE

The parties to this agreement are the United States of America, acting by and through the Secretary of Agriculture, successor to the Resettlement Administration of the United States and the Administrator thereof, pursuant to Executive Order No. 7530; dated December 31, 1936, and the ——— Rural Rehabilitation Corporation, a corporation duly organized and existing under the laws of the State of ——— (hereinafter called the corporation).

Whereas, the corporation, pursuant to the authority set forth in its charter, has been carrying on a rural rehabilitation program in the State of ———, from the proceeds of grants, loans, or other assistance received principally from the United States of America, made to it directly or made to the Governor or State of ——— for its use; and

Whereas the corporation is unable to secure any further funds from such sources and may, therefore, be obliged to abandon or so curtail its program as to result in the impairment of the value of the assets it now holds and distress and hardship to the families and communities which are being cared for by its activities, unless the administration and expenditure of its assets can be coordinated with the administration and expenditure of funds available to the Secretary of Agriculture for rural rehabilitation and relief within the State of ———, which coordination can most effectively be accomplished by this agreement;

Now, therefore, the parties hereto covenant and agree as follows:

## ARTICLE II. TRANSFER OF ASSETS

SECTION 1. The corporation does hereby bargain, sell, convey, transfer, and assign to the United States of America all of the assets and property, *real, personal and mixed*,<sup>1</sup> tangible and intangible, of whatever character and wherever located, of which the corporation is seized or possessed, such assets and property to be used as hereinafter set forth.

SEC. 2. The corporation shall, without charge, furnish to the Secretary of Agriculture all necessary abstracts or certificates of title covering any real property transferred by the preceding section. The corporation shall convey any such real property to the United States of America by general warranty deed in the form, manner, and at the time required by the Secretary of Agriculture and shall convey to the United States of America a valid, unencumbered, indefeasible, fee simple title to such real property meeting all the requirements of the Attorney General of the United States. The corporation shall pay all stamp taxes and other expenses incidental to the preparation, execution, and recording of any deeds and other evidences of title required by the Secretary of Agriculture. Any expenditure incurred under the provisions of this section, after the date this agreement becomes fully effective, shall be made out of Treasury Appropriation Account No. OT687.—provided for in article IV, section 3 hereof.<sup>2</sup>

SEC. 3. The president of the corporation shall, as the Secretary of Agriculture may direct, execute for the corporation such further bills of sale, assignments, deeds, conveyances, and other instruments to effect the transfer provided in section 1 of this article. The corporation shall convey to the United States of America a valid, unencumbered title to all of said assets and property meeting all the requirements of the Secretary of Agriculture.

## ARTICLE III. PAYMENT OF OBLIGATIONS

SECTION 1. The assets transferred pursuant to article II hereof and otherwise, and the proceeds thereof, shall be subject to all outstanding obligations and liabilities of the corporation and the Secretary of Agriculture shall reserve an amount sufficient to liquidate and discharge all of the outstanding obligations and liabilities of the corporation which are disclosed through audits made by the United States Department of Agriculture of the records and books of the corporation as of the date of transfer. It is understood that by reason of this transfer neither the Secretary of Agriculture nor the United States of America shall assume any of the obligations or liabilities of the corporation.

<sup>1</sup> Delete italicized phrase if corporation does not own realty.

<sup>2</sup> If corporation does not own realty delete sec. 2 and renumber sec. 3 to read "sec. 2."



## ARTICLE IV. ADMINISTRATION AND EXPENDITURE OF ASSETS

SECTION 1. Subject to the provisions of article III, the Secretary of Agriculture is hereby authorized to administer and expend the property and assets transferred hereunder, and the proceeds thereof, in such a manner as he shall deem necessary or appropriate for rural rehabilitation purposes in the State of -----, in coordination with expenditures for such purpose out of funds available to the Secretary of Agriculture under the Emergency Relief Appropriation Acts of 1935 and 1936 or any subsequent act of Congress.

SEC. 2. In administering and expending such assets and property the Secretary of Agriculture shall have all the powers, privileges, and rights now vested in the Corporation, limited, however, by the purposes and powers set forth in the articles of incorporation of the corporation, and is hereby authorized to exercise the same in his official capacity. In administering or disposing of such assets and property, the Secretary of Agriculture shall, in his sole discretion, fix the terms and conditions of any deed, lease, or contract of any nature entered into in connection therewith.

SEC. 3. Any moneys hereby transferred or hereafter received in the management and administration of the assets transferred hereby or by separate instrument shall, *except as provided in article VI hereof*,<sup>3</sup> be deposited in the Treasury of the United States of America in receipt account now designated as No. 8144—thence to be transferred and be available for expenditure out of appropriation account now designated as No. OT687—in accordance with the terms of this agreement, such accounts having been established pursuant to authorization of the Comptroller General of the United States.

SEC. 4. The limitations herein set forth with respect to the assets transferred by this agreement or otherwise shall be equally applicable to any and all proceeds resulting from the loan, lease, sale, or other disposition of said assets, it being the intention of the parties hereto that the assets transferred together with their proceeds shall constitute a revolving fund for continued use in the State of ----- for rehabilitation purposes, subject to the provisions of this agreement.

## ARTICLE V. COLLECTION OF ACCOUNTS RECEIVABLE

SEC. 1. In the event that the Secretary of Agriculture has made or shall make, or if the Administrator of the Resettlement Administration has made, loans to persons indebted to the corporation, all repayments made by such persons shall be apportioned between the Secretary of Agriculture and the trust fund to be established pursuant to section 3 of article IV hereof in the ratio which therespective amounts due the Secretary of Agriculture and the Corporation (receipt account No. 8144—) from each person making repayment bear to the combined total obligation of each such person at the time such repayment is made, provided however:

(a) In those instances where such a person indicates in writing the manner in which such payment shall be applied, it shall be so credited.

(b) In those instances where money to be credited represents the proceeds from the sale of security, the money shall be credited on the indebtedness covered by such security to the extent of such indebtedness, the balance to be prorated as provided above.

(c) In those instances where the Administrator of the Resettlement Administration has advanced funds to complete unfulfilled corporation loan commitments to its clients and, as security therefor, has received from the corporation a pledge or assignment of notes and instruments of collateral security executed by such clients, collections on loans of this nature shall be credited in accordance with the terms of the pledge agreements.<sup>4</sup>

ARTICLE VI. JOINT INVESTMENTS<sup>5</sup>

SECTION 1. Without limitation upon any of the powers granted by this agreement, the Secretary of Agriculture is hereby authorized to expend funds of the United States to develop any of the property acquired pursuant to this agreement, and, further, to develop the said property in connection with other property acquired for rural rehabilitation purposes by the Secretary of Agriculture with such funds. All sums of money received from the sale or operation of the said

<sup>3</sup> Delete italicized lined phrase if corporation does not own project realty.

<sup>4</sup> Delete (c) if there were no corporation loan cases transferred to the Resettlement Administration for completion.

<sup>5</sup> Delete art. VI and renumber succeeding articles if corporation does not own project realty.

property shall be payable to the Secretary of Agriculture. In the event of sale, all purchase money mortgages or other instruments securing the payment of all or any part of the purchase price of real or personal property shall be executed in favor of the United States of America.

SEC. 2. Except as provided in the following section of this agreement, all cash proceeds and income received by the Secretary of Agriculture from the operation, rental, sale, or other disposition of all or any part of the said property shall be apportioned between the Secretary of Agriculture and the corporation as herein-after provided. Such apportionment shall be made as of December 31 of each year and shall be in the ratio which the respective investments of the United States and of the corporation in the property bear to the combined total investment in the property as of such date, and shall be in accordance with accounting rules to be established by the Secretary of Agriculture. Receipts thus determined to be allocable to the investment of United States funds shall be used as permitted by law in the same manner as receipts from rural resettlement project wholly financed by such funds, free from any claims of the corporation. Receipts thus determined to be allocable to the investment of the corporation shall be deposited in the Treasury of the United States of America in receipt account now designated as No. 8144.—, thence to be transferred and be available for expenditure out of appropriation account now designated as No. OT687.—, such accounts having been established pursuant to authorization of the Comptroller General of the United States. Receipts thus deposited and any proceeds therefrom, together with any other funds which may be deposited in such receipt account, shall constitute a revolving fund for continued use by the Secretary of Agriculture for accomplishing the rehabilitation of individuals and families in the State of ———, subject to the purposes and powers set forth in the certificate of incorporation of the corporation.

SEC. 3. Without limitation upon the power of the Secretary of Agriculture to make similar expenditures out of Appropriation Account No. OT687.—, or out of receipts determined to be allocable to the investment of United States funds, in accordance with section 2 of this article, and without limitation upon any of the other powers granted by this agreement, the Secretary of Agriculture may expend out of the cash proceeds and income from the said property, such sums as he may deem proper for payments in lieu of taxes, in accordance with the policy and procedure of Public Act No. 845 (74th Cong.), approved June 29, 1936, and for the operation and maintenance (including insurance) of the property, or may, from time to time, retain out of such cash proceeds and income, such sums as he may estimate to be necessary for such purposes. In the event that cash proceeds and income are expended or retained by the Secretary of Agriculture, prior to apportionment, as authorized by this section, the amount available for apportionment, as provided in the foregoing section of this agreement, shall be reduced by the amounts of such expenditures or retentions of cash proceeds and income.

#### ARTICLE VII. DIRECTORS TO BE HELD HARMLESS

SECTION 1. Upon the effectuation of the transfer as herein provided, the stockholders and directors of the corporation shall cease to be in any manner liable by reason of any act or omission with respect to the administration or expenditure of the assets and properties herein transferred or the proceeds thereof.

#### ARTICLE VIII. TERMINATION

SECTION 1. In the event that the authority of the Secretary of Agriculture or his successor (*as provided in art. IX, sec. 1, hereof*)<sup>6</sup> shall cease, this agreement shall be forthwith terminated and the property remaining of that transferred, together with the remaining proceeds, shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation or to such other corporation, person, or agency as may be designated by the Legislature of the State of ———.

<sup>6</sup> Substitute art. VIII, sec. 1 for italicized phrase if art. VI has been deleted.

## ARTICLE IX. MISCELLANEOUS

SECTION 1. In the event that the powers and functions of the Secretary of Agriculture with respect to the administration of rural rehabilitation or relief shall be hereafter vested in any other officer or agency, whether of the United States of America or otherwise, such other officer or agency shall be vested with all of the rights and powers and shall be subject to all of the conditions and limitations set forth in this agreement.

SEC. 2. The Secretary of Agriculture or any successor may, by designation in writing, name any person including any officer, employee, or agency of the United States of America to act as his agent in connection with carrying out the provisions of this agreement.

SEC. 3. No Member of our Delegate to Congress shall be admitted to any share or part of this agreement or to any benefit which may arise therefrom.

SEC. 4. This instrument shall become effective as of the date executed by the Secretary of Agriculture as to \$—— of the funds of the corporation, and 15 days thereafter as to all other assets and property.

In witness whereof the contracting parties hereto have hereunto subscribed their names:

Executed for and on behalf of the United States of America as of —— 1937.

——, *Secretary of Agriculture.*

By —— RURAL REHABILITATION CORPORATION,  
——, *President.*

[SEAL]

Attest:

——, *Secretary of the ——, Rural Rehabilitation Corporation.*

The CHAIRMAN. We have several witnesses present this morning. We have Mr. Carroll Weathers, office of the attorney general of North Carolina, representing the North Carolina Rural Rehabilitation Corp.; Mr. Carey Parker, secretary of the North Carolina Rural Rehabilitation Corp.; and the Hon. Ralph Moody, assistant attorney general of North Carolina.

We also have present Mr. Stephen Hughes, Director, Farm Ownership Division, Farmers Home Administration, and Mr. Howard Rooney, Assistant Solicitor, United States Department of Agriculture; and others.

For the benefit of the new members of the committee I would like to say that this matter has been considered by this committee on former occasions, and most members of the committee are familiar with the substance of the legislation; and instead of witnesses coming here from all parts of the country, we agreed to hear the gentlemen from North Carolina who will present their views and the views of those who are supporting H. R. 2392.

Our first witness will be Mr. Carroll Weathers, of North Carolina.

Mr. WORLEY. Mr. Chairman, isn't this the same bill which was considered by our committee in 1948? And did the committee reach a decision on the bill at that time?

The CHAIRMAN. Yes, but no decision was reached. I think those hearings were transcribed and they are available.

Mr. HILL. No action was taken.

The CHAIRMAN. No actions was taken.

Mr. HOPE. Mr. Chairman, the hearings were never actually closed.

I do not know whether there were any other witnesses who wished to appear or if the matter had been reopened, but the hearings were not actually closed.



The CHAIRMAN. I think your statement is correct.  
Mr. Weathers, we would be very glad to hear you.

**STATEMENT OF CARROLL WEATHERS, ESQ., OFFICE OF THE ATTORNEY GENERAL OF NORTH CAROLINA, REPRESENTING NORTH CAROLINA RURAL REHABILITATION CORPORATION, RALEIGH, N. C.**

Mr. WEATHERS. Thank you, Mr. Chairman, and gentlemen of the committee.

As Mr. Cooley has stated, our firm is associated with the Attorney General of North Carolina as special counsel with respect to representing the North Carolina Rural Rehabilitation Corporations in regard to this legislation which is before Congress at the present time.

It relates to funds which have been entrusted to the United States through the Department of Agriculture from the several States through their State agencies, the Rural Rehabilitation Corporations of those States; and at the outset I should like to state there are two facts which stand out relative to this subject, and these facts are:

The substance of these funds were grants made unconditionally and outright to the various States; and

Secondly, the funds were subsequently entrusted under the following trust agreement to the United States Government to the Department of Agriculture by written contracts about the year 1938.

I will undertake, Mr. Chairman and gentlemen, to be as brief as possible in presenting the views of the State of North Carolina with respect to this matter.

I do not undertake to speak on behalf of other States, but, as the chairman has suggested, the situation in other States is comparable in most instances to that of the State of North Carolina.

The origin of these funds, gentlemen, came through the Emergency Relief Act of 1933. There were none of these funds that were granted in the Emergency Relief Act of 1935. They all came through the 1933 act and were delegated and granted to the States under that act and under the act of 1934, that of February 15, which appropriated a further sum of \$950,000,000, a portion of which went to the States for rural rehabilitation purposes.

A brief history of these funds is this, and I can state it very briefly.

In the State of North Carolina these funds were sent to the Governor under the authority of the 1933 act by the Federal Emergency Relief Administrator. He in turn turned them over to the State emergency relief administration. A portion of the funds were allocated by the Federal Administrator and granted to the States for rural rehabilitation purposes.

Under the 1933 act the Federal Government undertook to relieve the conditions that then existed by two programs. One was for urban relief and the other was for agricultural and rural rehabilitation. These funds were then granted to the State of North Carolina for that purpose.

Until 1934 they were administered by the rural rehabilitation division of the North Carolina Emergency Relief Administration. In 1934 there was incorporated in the State of North Carolina the North Carolina Rural Rehabilitation Corporation. The charter of

this corporation was sent to North Carolina by the Federal Emergency Relief Administration, and that charter was issued by the State of North Carolina, and in the subsequent legislature of 1935 the North Carolina Rural Rehabilitation Corporation was declared by act of the legislature of that State as an agency of the State and under the jurisdiction of the State in administering part of the funds as a function.

Then in August 1935, the Resettlement Administration undertook to reclaim these funds.

The Attorney General of North Carolina ruled that could not be reclaimed by the Resettlement Administration of the Federal Government because they were State funds and they had been unconditionally granted.

In December 1935, the North Carolina Rehabilitation Corp. made a contract with the Resettlement Administration whereby that administration would act as agent of the North Carolina corporation, which it did until April 1936.

In April 1936, these funds and properties were returned to the North Carolina corporation by the Resettlement Administration, and then in 1938 the Secretary of Agriculture sought to regain these funds again. The State would not yield the funds because it had no right to do so; they were public funds of the State of North Carolina, and at that time there was entered into a contract between the North Carolina corporation and the Secretary of Agriculture, or rather the United States Government through the Secretary of Agriculture, whereby these funds were handed over to the Secretary of Agriculture for a period of 12 years from May 20, 1938, and they have been administered since that time for rural rehabilitation purposes by the Secretary of Agriculture.

Now, gentlemen, I should like to call to your attention very briefly the fact that the 1933 act is an act that is very similar to all the acts of Congress granting property, usually in the nature of land, to the several States. Throughout this act it says:

Out of funds of the Reconstruction Finance Corporation made available by this act, the Administrator is authorized to make grants to the several States; \* \* \*

In another part:

Of the amounts made available by this act, not to exceed \$250,000,000 shall be granted to the several States applying therefor.

In another instance:

The balance of the amount made available by this act shall be used by grants made whenever application is made by the State and the Administrator finds certain conditions existing.

Now, gentlemen, throughout this act there is not a reference that these funds were reimbursable as under the 1933 act. These funds were made as unconditional grants to the State of North Carolina, and as far as we have been able to ascertain there is no authority in existence in our country whereby Congress has power to reclaim these funds.

Another factor is this, that throughout the entire administration of these funds by the several States, the Federal Relief Administrator has consistently recognized these funds as belonging to the State and the State government alone and not to the United States Government.

The act provided that the Administrator shall print monthly and submit to the President and to the Senate and to the House of Representatives a report, and then it adds:

Such reports, when submitted, shall be printed as public documents.

Those reports, gentlemen of the committee, were printed each month by the Federal Emergency Relief Administrator, and I should like to read briefly just a sentence or two from several of these reports.

The monthly report made to Congress May 1936:

Allotments under sections (4) (b) and (4) (c) of the Federal Emergency Relief Act of 1933 became State funds upon their receipt by the respective governors.

The May 1936 report had this to say:

After the Federal Emergency Relief Administration had made a grant to a State Governor, the funds became State property.

And the December 1935 report says this:

When funds were transferred to the depository designated by the Governor of the State, they became State funds unconditionally.

I have references in this statement and brief in behalf of this corporation with respect to further statements in different reports in that respect.

At no time did the Federal Emergency Relief Administration regard these funds as belonging to the Federal Government, but having been granted unconditionally to the State, they belonged to the State.

I would like to make this further observation to you gentlemen, and that is this, that the Resettlement Administrator in his letter to the Comptroller of the Treasury made this statement June 22, 1935, and I quote from a letter written to the Comptroller General:

The rural rehabilitation corporations are clearly agencies of the various States; possessions, and territories.

First, they have received and have been receiving State funds;

Second, in several instances these corporations were incorporated by State legislatures, especially making them State agencies;

Third, the certificates of incorporation of these corporations provided that on liquidation their assets ought to be returned to the States.

The corporations are organized on a nonprofit basis.

I would like to call to your attention further, gentlemen, and I have here—which I would like to introduce into the record at the proper time—the language of the Comptroller General of the United States in a letter dated January 2, 1935, in answer to certain questions which have been propounded to him by the Emergency Relief Administrator of the Federal Government, and he answers this question.

I should like to read first the Emergency Relief Administrator's statement propounded to the Comptroller General.

This Administration regards State relief administrators appointed by the governors, State boards, or similar State agencies administering relief, and all personnel subordinate to said administrators, as officers, employees, or agents of their respective States, and not as officers, employees, or agents of the Federal Government. This Administration also regards contracts, purchases, and relief operations in general made and entered into by such State administrators as made and entered into in behalf of the States and not of the Federal Government. This Administration further regards all funds or property coming into the hands of said administrators, as a result of lawful compliance by the State or its officials with the procedures required by the Federal Emergency Relief Act of 1933, as funds or property of the State and not of the Federal Government, irrespective of their original Federal source.



And then in answer to that portion of the letter the Comptroller General wrote this:

It being understood from the facts as supplied by you that these transactions involved moneys of the respective States in the hands of State Emergency Relief Administrations, and not moneys of or under the control of any agency of the Federal Government, you are advised that this office has no further question with respect thereto.

Therefore, this fact was recognized not only by the Resettlement Administrator in his correspondence with the Comptroller General, but also by the Federal Emergency Relief Administrator, whose authority under this act, if I might quote it to you, it being in section 4 (e), was conclusive and final. It states as follows:

The decision of the Administrator as to the purpose of any expenditure shall be final.

Therefore, these grants, gentlemen, were made to the States unconditionally and not as reimbursable funds.

I should like to call to your attention another factor in this connection, and that is that the North Carolina corporation—the State Rural Rehabilitation Corporation Act, section 6 reads as follows:

The corporation shall have an unlimited existence unless dissolved in accordance with law, in which event its property shall be sold and disposed of, its debts paid and collected, its affairs properly settled; and the balance of funds on hand shall become a part of the general fund of the State of North Carolina subject to appropriation by the State legislature.

That, gentlemen, is the charter, an excerpt from the charter which was planned by the Federal Government and sent to the several States and recommended to them as the basis upon which these funds were accepted and administered by the States.

Now I should like to call to your attention the terms of this contract, and I shall be brief in respect to that:

This contract, which was entered into in 1938 between the Federal Government and the State of North Carolina, or rather the North Carolina Rural Rehabilitation Corporation, which is an agency of the State—this contract in its granting clause says this:

The corporation does hereby bargain, sell, convey, transfer, and assign to the United States of America, upon the trusts and for the purposes hereinafter set forth, all of the assets and property, personal and mixed, tangible and intangible, of whatever character and wherever located, of which the corporation is seized or possessed, except only the sum of \$350,000 and the administrative fund hereinafter referred to.

Then it provides for the purchase and use of these funds within the Department of Agriculture for a period of 12 years, and if you will indulge me I would like to read briefly from the termination clause, which has a salutary bearing upon the question which is involved in this legislation before your committee.

SECTION 1. If the Secretary should at any time fail to make or furnish the reports or balance sheets as prescribed in article X of this agreement, or if the Secretary should at any time use any of the assets or funds of the corporation (or the assets or funds into which the same should be converted under the terms of this agreement) for purposes other than those prescribed in article IV of this agreement, or if the Secretary should at any time violate any of the other terms or conditions of this agreement, then the corporation, or if the corporation be dissolved, the Governor of North Carolina, shall have the right to terminate this agreement by written notice to that effect to the Secretary.

I would like to state, gentlemen, under this contract the Secretary of Agriculture was supposed to render to the Governor of North Carolina and to the North Carolina corporation a report each calendar month, on the 15th of each month, of the status of the North Carolina funds in the hands of the Secretary of Agriculture.

Section 2 states:

In the event that the authority of the Secretary or his successor (as provided for in article XII, section 1, hereof) shall cease, this agreement shall be forthwith terminated.

Sec. 3. If neither of the contingencies provided for in sections 1 and 2 of this article shall earlier occur, then this agreement shall in any event terminate at the end of twelve years from its date, unless the sale shall be renewed by the mutual agreement of the parties hereto.

The agreement bears date, gentlemen, May 20, 1938, therefore May 20, 1950, this agreement terminates; and then section 4 is applicable to the funds held by the Department of Agriculture belonging to the North Carolina corporation.

Sec. 4. Upon the termination of this agreement in any of the manners herein above set forth, the property remaining of that transferred, together with the remaining proceeds, shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general funds of the State Treasury of North Carolina.

Gentlemen, we submit to you that that contract places these funds in trust in the hands of the United States Government, and we have no doubt that the United States Government will not live up to that contract and return those funds to the State of North Carolina where they belong.

The reclaiming of these funds by the United States Government would violate the contract and would constitute an attempt to recover grants made to the State which were not conditional grants, which were nonreimbursable grants, but which were outright and absolute grants.

In our judgment, gentlemen, this contract is enforceable and should be honored by our Congress, and these funds returned to the several States.

Now I want to read just from one authority. This question has not been before the Supreme Court on all fours but in the case of *Rice v. Railroad Co.* (1 Black 358) that case involved the title of land. The plaintiff claimed the land by purchase from the United States in 1856. The defendant claimed through a grant from the United States to the Territory of Minnesota in 1854. Plaintiff then showed that Congress had repealed the granting act.

Two questions were involved:

First, the validity of the act of Congress repealing its prior grant; and,

Second, whether the original grant had been a gift in presenti; that is, an outright gift of the property or a conditional grant, and here is what the Supreme Court of the United States has said on this question. Discussing the first question, the court said:

If the legal effect of the (granting) act \* \* \* was to grant to the Territory a beneficial interest in the lands, then it is equally clear that it was not competent for Congress to pass the repealing act, and divest the title \* \* \*.

We submit under that decision and under good conscience that the Congress has no right to reclaim these funds which were granted to the State outright.

We think that no legislation is needed for these funds to be returned to the State of North Carolina.

The Farmers Home Administration Act of 1946 says as follows:

The Secretary of Agriculture shall liquidate as expeditiously as possible trusts under the transfer agreement with the various States' rural rehabilitation corporations, and is authorized and directed to negotiate with responsible officers to that end.

Now, gentlemen, I submit to you that an instruction to liquidate does not mean an instruction to violate. To liquidate this trust means to return to the States those funds which were submitted and granted to the States by the Federal Government.

I should like to say this further fact. In the State of North Carolina this corporation still is in existence. It retained some \$360,000 in 1938 when the balance of some \$800,000 or \$900,000 was placed in trust with the Department of Agriculture; and the \$350,000 or \$360,000 has been used in North Carolina since that time for rural rehabilitation corporation purposes.

It has been used in the manner contemplated by the grant to the State of North Carolina.

In our State we have a corporation whose directors are public-spirited, outstanding citizens of our State, one of whom, Dr. Shaub, is here today and has been introduced by your chairman. He is a man who stands out in the South with respect to agricultural problems; and that corporation has endeavored to perform in the State of North Carolina what the Federal Government contemplated in making these particular grants to the States.

We contemplate when these funds are returned to us by the Department of Agriculture that they will solely be used throughout the time that the funds are there for that purpose.

At the last hearing on this question, gentlemen, the Solicitor's Office of the Department of Agriculture submitted four cases in the course of their testimony in regard to this matter.

I would like to call to your attention the import of these cases, gentlemen, because, let me say, in our judgment not one of those cases has anything whatsoever to do with the principles involved in these funds.

In the case of *Wiseman v. Dyess* (72 South-West (2) 517 (1934)), an Arkansas case, this case was submitted on an agreed statement of facts which was completely erroneous, and the opinion was virtually supplanted by a second appeal of the same case (76 South-West (2) 979 (1934)), in which the court decided the case—a tax question—upon a point wholly foreign to that for which it is cited by the Solicitor's Office. In fact, the court specifically refused to decide whether the funds were State or Federal funds.

In the case of *Ashburner v. California* (103 U. S. 575 (1880)), which involved grant by Congress of the Yosemite Valley to California—

with the stipulation, nevertheless, that the State shall accept this grant upon the express condition that the premises shall be held for public use, resort and recreation, shall be inalienable for all time \* \* \*

and the State of California by act of its legislature, accepted this grant—

upon the conditions, reservations, and stipulations contained in the act of Congress.



The facts of this case are so completely different from the Federal Emergency Relief Act grants as to render any discussion thereof completely unnecessary. In addition, that case involved the quo warranto proceeding of the Yosemite Park Commissioner, and nowhere in the case is any fact suggested which makes the discussion of vacating the grant pertinent, so that the quoted section of the case is dictum of the grossest sort. To top it all off, the dictum does not say that Congress may vacate the grant, or attach conditions thereto. It simply says that—

the United States may be called on to determine whether proceedings shall be instituted in some appropriate form to enforce the performance of the conditions contained in the act of Congress or to vacate the grant.

In the third case cited, that of *St. Louis Railway Co. v. McGee* (115 U. S. 469), it involves a grant of lands for building railroads which contains this language:

And, if said road is not completed within ten years, no further sale shall be made, and the land unsold shall revert to the United States.

Thus the facts in this case present an entirely different situation. The Federal Emergency Relief Act grants are admittedly outright grants, grants in presenti, and the railroad grant was obviously not in presenti, but was conditional. As a matter of fact, a closely similar grant was held by the Supreme Court, in *Rice v. Railroad Company* (1 Black 358), to be not a gift in presenti, and the court went on to say that had it been a gift in presenti, as the Federal Emergency Relief Act grants are, Congress could not have revoked it.

Now the fourth and last case cited by the Solicitor's Office is that known as the Langer case, which likewise is not in point. As the opinion shows, that case turns on the wording of an extremely broad Federal criminal statute which makes it immaterial whether the FERA funds were Federal or State funds. In our judgment that has no bearing whatsoever upon this question.

We respectfully submit to you gentlemen, and I want to thank you for the opportunity and the time you have given us to appear before you and your participation in listening to this matter, because several of you have heard of it before. But I want to say to you this: In our judgment these funds belong to the State of North Carolina. They were granted by the Federal Government without any limitation whatsoever. They were not only granted to the State and also became funds of the State, but it was recognized by a solemn contract entered into by our Government in which we entrusted to the Federal Government these funds for a general purpose for a particular period, with the general specification that the funds be returned to North Carolina.

Now, gentlemen, we do not think that the Congress of the United States, that the Government, is going to violate that contract. We do not think that the Congress is going to ask to reclaim funds and properties which were designated by the Federal Government as grants to the State and which have been used by the States for those purposes. By the same token, where would we be with respect to the \$360,000 that we have of these funds and are administering for rural rehabilitation purposes? They are in identically the same status as these funds here.

I should like to present, if I may, Mr. Chairman, a statement of the North Carolina Rural Rehabilitation Corp., which contains a

brief on this subject, a copy of the charter of the North Carolina Rural Rehabilitation Corp. and a copy of the contract between the North Carolina Rural Rehabilitation Administration and the United States of America.

I should like to file also a resolution of the board of the North Carolina Rural Rehabilitation Corp. requesting that these funds be restored to North Carolina.

I should like to file further a letter from the Hon. W. Kerr Scott, Governor of North Carolina, requesting that your committee approve this legislation introduced by Mr. Cooley, to return these funds to the State of North Carolina;

I should like to file also a copy of the letter the Comptroller General of the United States holding that these funds were not Federal funds.

The CHAIRMAN. Do you have a copy of the charter?

Mr. WEATHERS. We have that in this statement, Mr. Chairman. It is included in the statement.

I should like to say this, gentlemen: The present bill, H. R. 2392, provides for supervision being exercised by the Secretary of Agriculture, is a reservation in him as to the applicability of these funds and the application of them after they come back to North Carolina.

I would not be performing my duty to the State of North Carolina nor to the corporation which I represent as special counsel for the attorney general's office—frankly, I don't think the Government has a right to specify a restriction in the return of these funds. I think they are the funds of the States absolutely.

Of course, if Congress insists on including in this bill that the Secretary of Agriculture retain the veto power of the United States over the corporation, then I guess we are in your hands; but at the same time these funds ought to be returned to the State of North Carolina in my opinion, gentlemen, without restriction.

I thank you for your patience.

The CHAIRMAN. Without objection the statements submitted will be included in the record at this point.

(The statements above referred to are as follows:)

BRIEF OF NORTH CAROLINA RURAL REHABILITATION CORP. IN REGARD TO ITS  
TITLE TO FUNDS OWNED BY IT AND HELD IN TRUST BY THE SECRETARY OF  
AGRICULTURE OF THE UNITED STATES OF AMERICA

I. INTRODUCTION

The funds of the North Carolina Rural Rehabilitation Corp. now held in trust by the Secretary of Agriculture of the United States are a part of the funds granted by the Federal Emergency Relief Administration to the State of North Carolina. These funds were originally appropriated by Congress by the Federal Emergency Relief Act of 1933 (Public Law 15, 73d Cong.) and subsequent acts making additional appropriations to carry out the purposes of the Federal Emergency Relief Act of 1933. No part of these funds were derived from the Emergency Relief Appropriation Act of 1935 (Public Resolution No. 11, 74th Cong.).

These funds were granted, with other funds, to the State of North Carolina and turned over to the North Carolina Emergency Relief Administration, which in turn paid these funds to the North Carolina Rural Rehabilitation Corp., an agency of the State of North Carolina. A copy of the charter of the corporation is attached to this statement and marked "Exhibit A."

Upon receipt of these funds the North Carolina Rural Rehabilitation Corp. commenced the administration of these funds for rural rehabilitation purposes and has continued to administer the funds held by it for rural rehabilitation purposes from that time until this date.

In the year 1935 the Resettlement Administration of the Federal Government entered into negotiations with the corporation for the transfer of funds and assets of the corporation to the United States of America and/or the Resettlement Administration but such negotiations were terminated upon a ruling by the Attorney General of North Carolina that the assets and properties of the corporation belonged to the State of North Carolina and not to the Federal Government and that the corporation had no right to take such action. Thereupon the corporation entered into an agreement with the Resettlement Administration for the latter, acting as agent of the North Carolina Rural Rehabilitation Corp., to manage and direct the administration of the corporation's assets and the expenditure of the corporation's funds until December 31, 1936. In April 1936 the Resettlement Administration terminated this agreement and returned to this corporation all of its assets and properties, and the corporation conducted and managed its own rehabilitation program until the year 1938.

In May 1938, this corporation entered into an agreement dated May 20, 1938, with the United States of America, acting by and through the Secretary of Agriculture, by the terms of which agreement the corporation turned over to the United States of America certain of its assets in trust, to be administered in the manner specifically set out in said agreement. A copy of this agreement is hereto attached, marked "Exhibit B." The funds covered by this agreement (or such of said funds as remain) are the subject matter of the present legislation. This agreement contained, among others, the following provisions:

(a) The North Carolina Rural Rehabilitation Corp. is specifically recognized as an agency of the State of North Carolina.

(b) Certain funds of the corporation were specifically excluded from the operation of said agreement, and were retained by and are now held and managed by this corporation for rural rehabilitation purposes.

(c) The agreement specifically provides that the funds covered by said agreement were being transferred to the United States of America "upon the trusts and for the purposes" therein set out.

(d) The agreement provides with particularity the purposes for which said funds may be spent, and places specific limitations on the portion of the funds which may be spent for certain designated purposes.

(e) The agreement contains detailed provisions concerning the allocation of payments made by debtors who had borrowed or might thereafter borrow from the corporation's funds and who were also borrowers from the Secretary of Agriculture (or the Farm Security Administrator or the Resettlement Administrator), said provisions being designed to protect the trust funds from unfavorable treatment in such instances.

(f) The Secretary of Agriculture specifically agreed "within the first 15 days of each calendar month during the term of this agreement, to prepare and deliver to the Governor of North Carolina and to the president of the corporation a detailed balance sheet and report as of the last day of the preceding month, showing the corporation's assets and the corporation's funds in the United States Treasury \* \* \*."

(g) The agreement contains specific provisions terminating it in event the Secretary of Agriculture (1) fails to furnish the above-mentioned balance sheet, or (2) uses any of the assets or funds for purposes other than those specified in the trust agreement, or (3) at any time violates any of the other provisions of this agreement.

(h) The agreement specifically provides that in any event the trust is to terminate at the end of 12 years, and upon its termination, in any manner, the funds are required to "be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general fund of the State Treasury of North Carolina."

## II. THESE FUNDS WERE GRANTED TO THE STATE OF NORTH CAROLINA OUTRIGHT AND BECAME THE ABSOLUTE PROPERTY OF THE STATE OF NORTH CAROLINA

The act authorizing these grants (the Federal Emergency Relief Act of 1933) indicates throughout that these funds are granted to the States, in several instances using the specific language "grants to the several States."

The Federal Government has had a long-established policy of making grants, usually of land, to the several States, and statutory language making such grants in terms closely similar to the language of the Federal Emergency Relief Act of 1933 has been consistently held by the Supreme Court to constitute an absolute gift to the States. (*United States v. Louisiana*, 127 U. S. 182 (1888); *Cooper v. Roberts*,



18 How. 173 (1855); *King County, Washington v. Seattle School District No. 1*, 263 U. S. 361 (1923). Thus, for example, in *Alabama v. Schmidt* (232 U. S. 168 (1914)), in discussing a Federal statute providing that certain lands "shall be granted to the inhabitants of such township for use of schools," Mr. Justice Holmes declared: "The gift to the State is absolute, although no doubt, as said in *Cooper v. Roberts*, 'there is a sacred obligation imposed on its public faith.' But that obligation is honorary \* \* \*."

### III. THE FEDERAL EMERGENCY RELIEF ADMINISTRATOR HAS CONSISTENTLY RECOGNIZED THESE FUNDS AS OUTRIGHT GRANTS WHICH BECAME STATE FUNDS

The Federal Emergency Relief Administrator, who is the person designated by the statute to make the grants to the States under the Federal Emergency Relief Act of 1933 and whose decision as to the purpose of any expenditure is specifically declared by the statute to be final, has consistently recognized the moneys granted as being State funds.

Section 3 (d) of the Federal Emergency Relief Act of 1933 provides: "The Administrator shall print monthly, and shall submit to the President and to the Senate and the House of Representatives \* \* \* a report of his activities and expenditures under this act. Such reports shall, when submitted, be printed as public documents." The statements contained in these monthly reports indicate clearly the view of the Administrator to the effect that such moneys are State funds. Excerpts from these official reports are as follows:

"Allotments under both sections [4 (b) and 4 (c) of the Federal Emergency Relief Act of 1933] became State funds upon their receipt by the respective Governors" (Monthly Report, May 1936, p. 6).

"After the Federal Emergency Relief Administration had made a grant to a State governor, the funds became State property" (Monthly Report, May 1936, p. 13).

"When funds were transferred to the depository designated by the Governor of the State they became State funds unconditionally. The Federal Emergency Relief Administration had no direct control over their expenditure. Its only powers were those arising from the cooperative relationships which had been built up between the Federal Emergency Relief Administration and the States. The States were usually disposed to accept the recommendations of the Federal Emergency Relief Administration with respect to relief policies. An indirect control was maintained through the power of the Federal Emergency Relief Administration to withhold future grants if it appeared that funds were being used improperly" (Monthly Report, December 1935, p. 31).

In discussing instances in which it was necessary for the Federal Emergency Relief Administration to assume control of the administration of relief in certain States (a condition which never arose in North Carolina), the Report of the Administrator declared:

"In assuming control of the administration of relief in a State, the Federal Emergency Relief Administration created a State branch of the Federal Emergency Relief Administration for the expenditure of Federal funds within the State. Applications were prepared by, and grants made to, the administrator, rather than the Governor of the State, as in the case of non-Federal States. Whereas funds granted to the Governor of a non-Federal State relief administration became the property of the State, funds granted to the administrator of a Federalized relief administration remained as Federal funds under the control of the Federal Emergency Relief Administration, and were subject to rules and regulations applicable to the expenditure of them" (Monthly Report, June 1936, p. 134).

Admitting the grants to the States to be outright grants and not reimbursable, the report of the Administrator declared:

"All grants to States and Territories by the Federal Emergency Relief Administration have been made on an outright basis. This is in contrast to advances under the Emergency Relief and Construction Act of 1932, prior to the Federal Emergency Relief Administration, which were reimbursable by the provisions of the original act, although this feature was reversed by subsequent legislation" (Monthly Report, June 1936, p. 180).

"Between July 1932 and December 1935 the Federal Government had made available to States, Territories, the subdivisions thereof, and the District of Columbia, a total of more than \$3,300,000,000 for relief purposes. Of this total approximately \$300,000,000 was in the form of advances made to States, Territories, and the subdivisions thereof by the Reconstruction Finance Corporation during the period July 1932 through May 1933; over \$3,000,000,000 was in the



form of nonreimbursable grants made to States, Territories, and the District of Columbia by the Federal Emergency Relief Administration during the period May 23, 1933, through December 31, 1935" (Monthly Report, December 1935, p. 1.).

IV. THE COMPTROLLER GENERAL OF THE UNITED STATES HAS SPECIFICALLY RULED THESE FUNDS TO BE OUTRIGHT GRANTS WHICH BECAME STATE FUNDS

The Comptroller General of the United States, in decision No. A-56783, dated January 2, 1935, has specifically ruled funds obtained by the various States from the Federal Emergency Relief Administrator are State funds and not moneys of the Federal Government.

In a letter to the Comptroller General by the Federal Emergency Relief Administrator, dated September 24, 1934, the Federal Emergency Relief Administrator, in requesting a decision on this matter by the Comptroller General, stated:

"This Administration regards State relief administrators, appointed by the governors, State boards, or similar State agencies administering relief, and all personnel subordinate to said Administrators as officers, employees, or agents of their respective States, and not as officers, employees, or agents of the Federal Government. This Administration also regards contracts, purchases, and relief operations in general made and entered into by such State administrators, as made and entered into on behalf of the States and not of the Federal Government. This Administration further regards all funds or property coming into the hands of said Administrators as a result of lawful compliance by the State or its officials with the procedure required by the Federal Emergency Relief Act of 1933, as funds or property of the State and not of the Federal Government, irrespective of their original Federal source."

The ruling of the Comptroller General in reply to this inquiry is as follows:

"It being understood from the facts as supplied by you that these transactions involved moneys of the respective States in the hands of State emergency relief administrations, and not moneys of or under the control of an agency of the Federal Government, you are advised that this Office has no further question with respect thereto."

V. RECLAIMING OF THESE FUNDS OF THE NORTH CAROLINA RURAL REHABILITATION CORPORATION BY THE FEDERAL GOVERNMENT AS PROPOSED IN CERTAIN PENDING LEGISLATION WOULD CONSTITUTE A VIOLATION OF A SOLEMN CONTRACT OF THE UNITED STATES

As pointed out in the introduction above, the Secretary of Agriculture of the United States of America, on behalf of the Federal Government, entered into a formal, written contract with the North Carolina Rural Rehabilitation Corporation under date of May 20, 1938 which set forth in full the terms and provisions of the trust under which these funds were paid to the Secretary of Agriculture by the corporation. The terms of this agreement are set forth in substance in the introduction hereinabove.

Article XI, entitled "Termination," provides for termination of the agreement upon violation of any of its terms by the Secretary of Agriculture, or in event the authority of the Secretary of Agriculture shall cease. The agreement provides that in any event it shall terminate upon the expiration of 12 years from its date. Upon the termination of the agreement in any manner, it is specifically provided that the trust assets shall be retransferred to the corporation. The unequivocal terms of the agreement on this point are as follows:

"SEC. 4. Upon the termination of this agreement in any of the manners hereinabove set forth, the property remaining of that transferred, together with the remaining proceeds, shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general fund of the State Treasury of North Carolina."

The terms of this agreement are clear and definite, and any legislation authorizing or requiring the Secretary of Agriculture to pay the funds of the North Carolina Rural Rehabilitation Corporation in his hands to the Treasury of the United States to be covered into miscellaneous receipts would be a direct violation of the agreement entered into by the United States through the Secretary of Agriculture.

VI. THE PROPOSED LEGISLATION COVERING THESE TRUST FUNDS INTO MISCELLANEOUS RECEIPTS OF THE UNITED STATES TREASURY WOULD BE OF DOUBTFUL CONSTITUTIONALITY

As pointed out hereinabove the grants from which these funds were derived by the North Carolina Rural Rehabilitation Corporation were outright grants or

gifts to the State, and became the absolute property of the State of North Carolina and of the North Carolina Rural Rehabilitation Corporation as an agency of the State of North Carolina. For the Congress to enact legislation transferring funds of the State of North Carolina into the Federal Treasury as Federal funds would be clearly unconstitutional.

Although this matter has not been squarely before the United States Supreme Court, the Court has strongly intimated that an act repealing a similar Federal grant after it had been made was beyond the power of Congress (*Rice v. Railroad Company*, 1 Black 358 (1861)). (See also *U. S. v. Minnesota*, 270 U. S. 181 (1926)).

VII. THE FUNDS OF THE NORTH CAROLINA RURAL REHABILITATION CORPORATION HAVE BEEN USED AT ALL TIMES FOR RURAL REHABILITATION PURPOSES

No reason exists for Congress to attempt to recapture the funds of the North Carolina Rural Rehabilitation Corporation, since these funds have at all times been used for the purposes for which they were or originally granted, namely, for rural rehabilitation purposes.

As pointed out above, the entire funds paid over to the North Carolina Rural Rehabilitation Corporation were used by the corporation for rural rehabilitation work in North Carolina from the time of the receipt of such funds until 1938. In 1938, a portion of the funds of the corporation was transferred to the United States of America in trust for a period of 12 years pursuant to the agreement made by the corporation with the Secretary of Agriculture as mentioned hereinabove. The agreement effectuating the transfer of such funds required that the funds so transferred be used for rural rehabilitation work in North Carolina, and such funds would not have been so transferred to the United States of America had the Secretary of Agriculture not specifically agreed to use these funds for such purposes.

The remainder of the funds of the North Carolina Rural Rehabilitation Corporation, which were excluded from the funds transferred in trust to the United States of America, have been retained by the Corporation and have been used and are being used for rural rehabilitation purposes in North Carolina.

In its use of the funds which were not transferred to the United States of America but were retained by it the Corporation has at all times carefully avoided any rural rehabilitation program which might involve any duplication with the rural rehabilitation program of any Federal agency.

CONCLUSION

Legislative action by the Congress in regard to the disposition of the funds of the North Carolina Rural Rehabilitation Corporation now held in trust by the United States of America seems unnecessary, for the reason that the existing agreement between the Federal Government and the corporation provides specifically and in detail the disposition to be made of such funds. If, however, the Secretary of Agriculture is unwilling to retransfer to the North Carolina Rural Rehabilitation Corporation the funds and properties covered by the agreement between that corporation and the United States without further authorization, or if Congress deems further legislation advisable in regard to the trust funds of other rural rehabilitation corporations whose contractual position relative thereto may differ from that of the North Carolina Rural Rehabilitation Corporation, then it is respectfully urged that Congress direct the Secretary of Agriculture to comply fully with the terms of the agreement between the United States of America and the North Carolina Rural Rehabilitation Corporation, and to retransfer the funds covered by that agreement to the corporation as provided therein.

Respectfully submitted.

HARRY McMULLAN,  
*Attorney General of North Carolina.*

By RALPH MOODY,  
*Assistant Attorney General.*

WEATHERS & YOUNG,  
*Special Counsel.*

By CARROLL W. WEATHERS,  
*Counsel for North Carolina Rural Rehabilitation Corporation.*



## EXHIBIT A. CERTIFICATE OF INCORPORATION OF NORTH CAROLINA RURAL REHABILITATION CORPORATION

First. The name of this corporation is the North Carolina Rural Rehabilitation Corporation. It is a benevolent and non-profit corporation.

Second. The address of the principal office of the corporation in the State of North Carolina, city of Raleigh, county of Wake, but it may have branch offices in places of business outside the State of North Carolina, as well as in this State.

Third. The nature of the business to be transacted and the objects and purposes which this incorporation empowers it to perform are:

A. To rehabilitate individuals and families as self-sustaining human beings by enabling them to secure subsistence and gainful employment from the soil, from coordinate and affiliated industries and enterprises and otherwise in accordance with economic and social standards of good citizenship, and the rehabilitation program of the Federal Emergency Relief Administration.

B. To buy, lease, acquire by gift, or in any other manner acquire or assist in acquiring, to hold and to sell, lease, mortgage, pledge, assign, transfer, or otherwise dispose of or assist in disposing of any land or lands or real property of any description whatsoever including easements, structures, and hereditaments in any part of the State of North Carolina, or elsewhere, or any right or title of any sort therein, and any kind of personal property whatsoever or wherever located, for any purpose or use necessary convenient or desirable in order to accomplish the objects of this corporation; to make loans and give financial assistance and other aid in any manner to any suitable person or persons to enable them to labor upon, use, lease, purchase, own, and acquire title in land, and in improvements thereon, farm equipment, livestock, etc., and to accept labor, products of the land, and any other valuable goods or services as well as money as a means of payment, or part payment, therefor and to assist in any manner the transportation or movement of persons and property to and from such lands for work and settlement thereon, and to guide, direct, and supervise the work and activities of such persons thereafter.

C. To assist any subsidiary corporations and/or agencies, cooperative organizations and others and on its own account to acquire in whole or in part by gift, lease, purchase, or in any other manner, and to construct, build, establish, own, equip, operate, maintain, improve, administer, and/or supervise (or assist others in the same) any buildings, plants, mills, factories, mines, industries, gardens, orchards, dairies, agricultural processes and enterprises, cooperative organizations, marketing agencies, works in arts and crafts, roads, driveways, parks, recreation grounds, educational facilities, and/or other activities, industries, enterprises, improvements, or facilities necessary or desirable for the success of rehabilitating individuals and families on the land, and in the enterprises and activities above mentioned and to dispose and to assist in disposing of the products of the enterprises above named which produces commodities, goods, wares, or merchandise by sale, exchange, or otherwise.

D. To acquire and pay for in cash, stock, bonds, of this corporation or otherwise the good will, rights, assets, property, and/or interest in whole or in part, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association, or corporation and to conduct the business of the same.

E. To manufacture, purchase, or otherwise acquire, own, mortgage, pledge, lease, sell, assign or transfer, or otherwise dispose of, to invest, trade, deal in, and with, supplies, commodities, goods, wares, and merchandise, and personal property and chattels of every class and description.

F. To borrow or raise money for any of the purposes of the corporation and, from time to time, without limit as to accounts, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or nonnegotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage or upon pledge, conveyance, or assignment in trust of the whole or in any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge, or otherwise dispose of such bonds and/or other obligations of the corporation for its corporate purposes.

G. To lend or advance money to, extend financial assistance to, accept bills of exchange, endorse the notes and guarantee the obligations of, individuals, firms, corporations, and/or others with or without collateral security of any kind whatsoever and to buy, discount, sell, rediscount, and otherwise deal in, notes, warehouse receipts, pledges, bills of lading, freight, receipts, trust receipts, open accounts, mortgages, and other similar evidences of debt or obligation or to loan

money and to take notes, open accounts, and other similar evidences of debt as collateral security therefor, and to satisfy and counsel such indebtedness so held on any conditions.

H. To enter into, make, and perform contracts of every kind and description, and to cooperate with any person, partnership, association, corporation, municipality, county, State, body politic, government, colony, or dependency thereof.

I. To engage and assist in any kind of charitable, educational, relief, and health activities whatsoever.

J. To organize and assist in the organization of subsidiary and related corporations, cooperative organizations, and other agencies in local communities within the State of North Carolina, and to grant and lend money and render advice and supervision to them and otherwise assist them.

K. To receive grants of money and financial and/or other aid from the Emergency Relief Administration of the State of North Carolina, out of grants extended to it by the Federal Relief Administration and funds received by it from any other sources, and to receive loans, grants, and financial assistance from the Federal Surplus Relief Corporation and from other sources and governmental agencies, both State and Federal, permitted or authorized by the laws of the United States or the State of North Carolina, to make such grants or loans and render financial assistance and other aid.

L. In general, to carry on any and all business and to do any other act or thing in connection with or necessary or convenient to the attainment of the foregoing objects, powers, and purposes, and to have and exercise all the powers and privileges delegated to it, and/or conferred upon it or which may hereafter be delegated to it or conferred upon it, by the laws of the State of North Carolina, for nonprofit corporations and to do any thing and all things herein set forth to the same extent as natural persons might or could do.

M. The foregoing clauses shall be constructed both as objects and powers and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

Fourth. The minimum amount of capital stock with which the Corporation will commence business is five shares without par value. The total number of shares of stock which this corporation shall have authority to issue is 12 without nominal or par value, each share carrying with it the power of 1 vote. Each incorporator is hereby required to be a member of the original board of directors and shall have issued to him 1 share of stock. When he ceases, for any reason, to be a member of the board of directors, he shall surrender to his successor on the board all of his right, title, and interest in said share of stock and such member of the board serving thereafter shall be likewise as to his successor. Each member of the board of directors must be a stockholder in order to serve as such and if at any time he ceases to be a stockholder he automatically thereby becomes disqualified and ceases to be a member of the board of directors.

Fifth. The original incorporators of this corporation, together with those persons whose names are set forth in paragraph 8-A, are the original members of its board of directors. The names and places of residence of the incorporators and the number of shares subscribed for by each are as follows:

Name	Post Office address	Number of shares
L. H. Kitchin.....	Scotland Neck, N. C.....	1
Harriett W. Elliott.....	Greensboro, N. C.....	1
Terry A. Lyon.....	Fayetteville, N. C.....	1
Roy M. Brown.....	Chapel Hill, N. C.....	1
Annie L. O'Berry.....	Goldsboro, N. C.....	1

Sixth. The corporation shall have an unlimited existence unless dissolved in accordance with law, in which event its property shall be sold and disposed of, its debts paid and collected, its affairs properly settled; and the balance of funds on hand shall become a part of the general fund of the State of North Carolina subject to appropriation by the State legislature.

Seventh. The members, officers, and stockholders of the corporation and their private property shall not be subject to the payment of corporate debts to any extent whatever.

Eighth. A. The business of this corporation shall be managed by its board of directors. The original board of directors of the corporation shall be composed of



Alan Johnstone, Newberry, S. C., regional field representative of Federal Emergency Relief Administration; Carl S. Taylor, Raleigh, N. C., regional director of Land Policy Section of the Agricultural Adjustment Administration; Howard W. Odum, Chapel Hill, N. C., chairman of board of the North Carolina Emergency Relief Administration; C. A. Dillon, Raleigh, N. C., member of board of North Carolina Emergency Relief Administration; T. E. Brown, Raleigh, N. C., State director of vocational education; I. O. Schaub, Raleigh, N. C., State director of agricultural extension; Mrs. Gordon Reid, Union Mills, N. C., president, State Federation of Demonstration Clubs; and the five incorporators. The terms of office which the members of the original board shall serve shall be as follows: Three for 1 year, three for 2 years, three for 3 years, and three for 4 years. The term to be served by each of the directors of the original board shall be determined by drawing lots. Each of the successors of the members of the original board shall serve a term of 1 year and this shall be the term office of each member of the board who shall serve at any time thereafter except one who is made a member of the board to complete the unfinished term of a member who on account of death, resignation, disqualification, removal from office, or otherwise does not complete his term of office. New members shall be elected to fill vacancies on the board by a majority vote of the members of the board.

B. A quorum of the directors for the transaction of business at any meeting duly called shall be a majority of the members except for the election of new members or removal from office of old members, when all members of the board shall be present either in person or by proxy. Each director shall have one vote on any and all questions coming before the members of the board and any director may be represented and vote by proxy.

C. The board of directors is expressly authorized, by resolution or resolutions passed by a majority vote to delegate to the North Carolina State administrator of the Emergency Relief Administration, to the extent provided in said resolution or resolutions or in the bylaws of the corporation, authority to exercise the power of the board of directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to all papers and documents which may require it.

D. The original bylaws shall be formulated by the incorporators and adopted by them for the corporation by a majority vote. The members of the board of directors shall have power thereafter to amend or repeal them and make, alter, and amend new bylaws.

E. The board of directors shall have the power to sell, lease, or exchange all of the property and assets of the corporation, including its good will and corporate franchise, upon such terms and conditions and for such consideration as the board of directors shall deem expedient for the best interest of this corporation.

F. In addition to the powers and authorities herein or by statute expressly conferred upon them, the members of the board of directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the statutes of the State of North Carolina, of this certificate, and of any bylaws from time to time made and adopted by the board of directors, provided, however, that no bylaws shall invalidate any prior act of the directors which would have been valid if such bylaws had not been passed.

Ninth. The corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate of incorporation in the manner now or hereafter provided for, and all rights conferred upon stockholders are granted subject to this reservation, with the exception, however, that no such amendment, alteration, change, or repeal shall so change its object and purposes as to permit the net income of the corporation, or any part thereof, to inure to the benefit of any private individual or member of the corporation.

We, the undersigned, being each of the incorporators hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of North Carolina, and in pursuance of the laws of the State of North Carolina, do make this certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 16th day of July A. D. 1934.

[SEAL]

L. H. KITCHIN.  
HARRIETT W. ELLIOTT.  
TERRY A. LYON.  
ROY M. BROWN.  
ANNIE L. O'BERRY.



STATE OF NORTH CAROLINA,  
County of Wake:

Personally appeared before me Eliza Newell, a notary public, the within-named incorporators, Harriett W. Elliott, L. H. Kitchin, Roy M. Brown, Terry A. Lyon, and Annie L. O'Berry, all the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

Given under my hand and seal of office this 16th day of July A. D. 1934.

[NOTARIAL SEAL]

ELIZA NEWELL, *Notary Public*.

My commission expires October 5, 1934.

Filed July 16, 1934.

STACEY W. WADE,  
*Secretary of State*.

This is to certify that the foregoing is a true copy of the original certificate of incorporation of North Carolina Rural Rehabilitation Corporation as filed in the office of the secretary of state of the State of North Carolina on the 16th day of July 1934, and that said certificate of incorporation has been duly amended in the following particulars on the dates indicated:

*Amendments of September 27, 1934*

(1) Paragraph 8, section A: The period at the end of section A was changed to a comma, and the following words were added following the comma: "and members shall be elected to their regular terms of office by the stockholders at their regular annual meeting."

(2) Paragraph 8, section B, was amended to read as follows: "A quorum of the directors for the transaction of business at any meeting duly called shall be a majority of the members."

(3) Paragraph 8, section C, was amended to read as follows: "In addition to the power to act directly in regular or special meetings duly called and constituted, the board of directors has the power to elect or appoint officers, committees, agents, employees, and others to assist in properly conducting the affairs of the corporation, and to appoint an executive committee to transact its business during the intervals between said meetings under such regulations as the bylaws may provide."

(4) Paragraph 8, section E, was amended by deleting the period at the end of the section, inserting a comma in lieu thereof, and adding the following words immediately thereafter: "when so authorized by written consent of the holders by the majority of voting stock of this corporation."

(5) Paragraph 8, section F, was amended by inserting the word "and" immediately following the comma appearing after "Carolina" and immediately preceding the phrase "of this certificate".

*Amendments of April 4, 1939*

(1) Paragraph 4 was amended to read as follows: "The authorized capital stock of the corporation is 12 shares without par value; and the minimum amount of capital stock with which the corporation may conduct business is 5 shares without par value. Each stockholder of the corporation shall be a member of the board of directors thereof; and, when any stockholder ceases for any reason to be a member of the board of directors, he shall thereupon surrender to the corporation his stock therein. As stock is surrendered to the corporation, the board of directors may determine whether or not it is to be reissued and, if so, at what time it is to be reissued and to whom; provided, however, that there shall at no time be less than five shares of capital stock of the corporation outstanding."

(2) Paragraph 8, section A, was amended to read as follows: "The business of the corporation shall be managed by its board of directors, consisting of not less than 5 and not more than 12 members. The directors shall be elected by the stockholders at their annual meeting, and (after expiration of the terms herein-after set forth) shall hold office for 4 years or until their successors are elected and qualified. As of the effective date of this amendment, the directors of the corporation and the year of the annual meeting at which their terms expire shall be as follows: 1940, T. L. Grier, Raleigh, N. C., Mrs. Gordon Reid, Union Mills, N. C., and I. O. Schaub, Raleigh, N. C.; 1941, Roy M. Brown, Chapel Hill, N. C., George S. Mitchell, Raleigh, N. C., and Howard W. Odum, Chapel Hill, N. C.; 1942, T. E. Browne, Raleigh, N. C., C. A. Dillon, Raleigh, N. C., and Mrs.

Thomas O'Berry, Raleigh, N. C.; 1943, Harriett Elliott, Greensboro, N. C., C. A. Johnson, Tarboro, N. C., and Terry A. Lyon, Fayetteville, N. C. If and when the number of the board of directors is reduced below 12 the stockholders at their annual meeting may, in future elections of members of the board of directors, change the terms so far as is necessary to provide (as nearly as possible) for the terms of an equal number of directors to expire each year; provided that during the time in which the United States of America, acting by and through the Farm Security Administration, United States Department of Agriculture, or any other department or agency thereof, shall act as trustee in the management and handling of the assets of the corporation, the stockholders shall, upon the expiration of the term as a director of any official or representative of said Farm Security Administration elect a successor who shall likewise be an official or representative thereof or an official or representative of such other agency or department of the United States of America as may then be acting as such trustee."

This is to certify further that the North Carolina Rural Rehabilitation Corporation was made an agency of the State of North Carolina by act of the General Assembly of the State of North Carolina on the 7th day of May 1935 (ch. 314, Public Laws of 1935; General Statutes of North Carolina; secs. 137-31 to 137-33, inclusive.)

This 16th day of May 1949.

W. CAREY PARKER,  
*Secretary, North Carolina Rural Rehabilitation Corporation.*

[SEAL]

## EXHIBIT B. AGREEMENT OF TRANSFER BETWEEN NORTH CAROLINA RURAL REHABILITATION CORPORATION AND THE UNITED STATES OF AMERICA

### ARTICLE I. PURPOSE

This agreement, made and entered into this the 20th day of May 1938, between North Carolina Rural Rehabilitation Corporation (hereinafter called the corporation) a corporation duly organized and existing under the laws of the State of North Carolina, which corporation is an agency of the State of North Carolina by virtue of the provisions of chapter 314 of the North Carolina Public Laws of 1935 (hereinafter referred to as the legislative enactment), and the United States of America, acting by and through the Secretary of Agriculture (hereinafter called the Secretary), pursuant to Executive Order No. 7530, dated December 31, 1936, as amended by Executive Order No. 7557, dated February 19, 1937.

Whereas the corporation, pursuant to the authority set forth in its charter and in said legislative enactment, has been carrying on a rural rehabilitation program in the State of North Carolina, with funds received from the Governor of North Carolina, which funds were granted by the United States of America to the said Governor for the use of said corporation under its charter and under the legislative enactment; and

Whereas the Secretary, through the Farm Security Administration, is also carrying on a rural rehabilitation program in the State of North Carolina, using therefor funds of the United States of America; and

Whereas in the opinion of the officers, directors, and stockholders of the corporation the continuation of the rural rehabilitation program by the corporation (except that program which involves the use of the \$350,000 hereinafter referred to for the purposes hereinafter set forth) might result in an unnecessary and undesirable duplication of activities and in unnecessary and undesirable duplication of expenditures for administration and personnel; and

Whereas the corporation is unable to secure any further funds from Federal sources unless the administration and expenditure of its assets can be coordinated with the administration and expenditure of funds available to the United States Department of Agriculture for rural rehabilitation and relief within the State of North Carolina, which coordination can most effectively be accomplished by this agreement; and

Whereas the corporation by the terms of its charter and by the terms of the legislative enactment is authorized "to utilize such means and agencies as shall be found useful or necessary to carry out" its purposes; and

Whereas, in the opinion of the officers, directors, and stockholders of the corporation the purposes of the corporation can best be carried out by committing the administration and expenditure of the assets of the corporation (other than the \$350,000 and the administrative funds hereinafter referred to) to the United

States Department of Agriculture for certain rural rehabilitation purposes upon the terms and conditions set forth in this agreement:

Now, therefore, the parties hereto covenant and agree as follows:

#### ARTICLE II. TRANSFER OF ASSETS

SECTION 1. The corporation does hereby bargain, sell, convey, transfer, and assign to the United States of America, upon the trusts and for the purposes hereinafter set forth, all of the assets and property, personal and mixed, tangible and intangible, of whatever character and wherever located, of which the corporation is seized or possessed, except only the sum of \$350,000 and the administrative fund hereinafter referred to.

SEC. 2. The officers of the corporation shall, as the Secretary may request execute for the corporation such further bills of sale, assignments, conveyances, and other instruments as will effect the transfer provided in section 1 of this article. The corporation shall convey to the United States of America absolutely and in fee simple all its right, title, and interest to all of said assets and property in trust for the purposes and upon the conditions hereinafter set forth. The said United States of America shall have full authority to sell any of said property in connection with the administration of said trust and convey an uncumbered fee-simple title to any of said property so that the grantee thereof shall become the owner free from any obligation of the trust created by this agreement.

#### ARTICLE III. PAYMENT OF OBLIGATIONS

SECTION 1. The assets transferred pursuant to article II hereof and otherwise, and the proceeds thereof, shall be subject to all outstanding obligations and liabilities of the corporation and the Secretary shall reserve an amount sufficient to liquidate and discharge all of the outstanding obligations and liabilities of the corporation which are disclosed through audits made by the United States Department of Agriculture of the records and books of the corporation as of the date of transfer. It is understood that by reason of this transfer neither the Secretary nor the United States of America shall assume any of the obligations or liabilities of the corporation.

#### ARTICLE IV. ADMINISTRATION AND EXPENDITURE OF ASSETS

SECTION 1. Subject to the provisions of article III the Secretary is hereby authorized (1) to administer and expend not more than 25 percent in value of the property and assets transferred hereunder and the proceeds thereof in such manner as he shall deem necessary or appropriate for rural rehabilitation purposes and (2) to administer and expend the remaining property and assets transferred hereunder and the proceeds thereof (a) for the purchase of farms, and for the erection or repair of improvements on said farms and on the lands now owned by the corporation, said farms and lands to be sold or leased to farm tenants, sharecroppers, and farm laborers in carrying out a tenant purchase program, or (b) for loans to farm tenants, sharecroppers, and farm laborers for the purchase of farms and for the erection or repair of improvements thereon in carrying out a tenant purchase program analagous to that provided by the Bankhead-Jones Farm Tenant Act (H. R. 7562) and future amendments thereof. And the Secretary is further authorized to administer and expend the said property and assets for said purposes in coordination with expenditures for said purposes out of funds available to the Secretary under the Emergency Relief Appropriation Acts of 1935 and 1936 or any subsequent act of Congress.

SEC. 2. In administering and expending such assets and property for the purposes set forth in section 1 of this article, the Secretary shall have all of the powers, privileges, and rights now vested in the corporation, limited, however, by the purposes and powers set forth in the certificate of incorporation of the corporation and in the legislative enactment and in section 1 of this article, and is hereby authorized to exercise the same in his official capacity.

SEC. 3. Any moneys hereby transferred or hereafter received in the management and administration of the assets transferred hereby or by separate instrument shall, except as provided in article VI hereof, be deposited in the Treasury of the United States of America in receipt account how designated as No. 8144.29 thence to be transferred and be available for expenditure out of appropriation account now designated as No. OT687.29 in accordance with the terms of this agreement, such accounts having been established pursuant to authorization of the Comptroller General of the United States.



SEC. 4. The limitations herein set forth with respect to the assets transferred by this agreement or otherwise shall be equally applicable to any and all proceeds resulting from the loan, sale, or other disposition of said assets, it being the intention of the parties hereto that the assets transferred together with their proceeds shall constitute a revolving fund for continued use in the State of North Carolina for the specific rural rehabilitation purposes set forth in section 1 of this article, subject to the provisions of this agreement.

#### ARTICLE V. COLLECTION OF ACCOUNTS RECEIVABLE

SECTION 1. In the event that the Secretary or the Administrator of the Farm Security Administration has made or shall make, or if the Administrator of the Resettlement Administration has made loans to persons indebted to the corporation, or in the event that loans have been made by the corporation or shall be made out of appropriation account No. OT687.29 to persons indebted to the United States of America through loans made by the Secretary or the Administrator of the Farm Security Administration, all repayments made by such persons shall be credited as follows:

(a) In those instances where such persons voluntarily indicate in writing the manner in which such payment shall be applied, it shall be so credited; otherwise, as the Secretary shall determine; except as provided in (b) herein.

(b) In those instances where money to be credited represents the proceeds from the sale of security, the money shall be credited on the indebtedness covered by such security to the extent of such indebtedness, any balance to be credited as provided in (c) herein.

(c) All other repayments shall be prorated to the respective creditors or funds in proportion to the indebtedness due to such creditors or funds at the time of such repayment.

#### ARTICLE VI. APPORTIONMENT AND ALLOCATION OF FUNDS

SECTION 1. Without limitation upon any of the powers granted by this agreement, the Secretary is hereby authorized to expend funds of the United States to develop any of the property acquired pursuant to this agreement, and any property which may be acquired in the future, by expenditure out of appropriation account No. OT687.29, and, further, to develop the said property in connection with other property acquired for rural rehabilitation purposes by the Secretary with such funds of the United States. All sums of money received from the sale or operation of the said property shall be payable to the Secretary to be held by the Secretary upon the trusts hereinbefore set forth. In the event of sale, all purchase money mortgages or other instruments securing the payment of all or any part of the purchase price of real or personal property shall be executed in favor of the United States of America to be held by the United States of America upon the trusts hereinbefore set forth.

SEC. 2. Except as provided in the following section of this agreement, all cash proceeds and income received by the Secretary from the operation, rental, sale, or other disposition of all or any part of the said property or of any property of the United States of America on which expenditures out of appropriation account No. OT687.29 are made for development purposes shall be apportioned between the United States and the trust fund established pursuant to article IV, section 3, of this agreement (receipt account No. 8144.29) as hereinafter provided. Such apportionment shall be made at such time or times during the calendar year as the Secretary may determine and shall be in the ratio which the respective investments of the United States and of the corporation or of appropriation account No. OT687.29 in the property bear to the combined total investment in the property as of January 1 of the year in which the apportionment is made. The apportionment shall be in accordance with reasonable accounting rules to be established by the Secretary. Receipts thus determined to be allocable to the investment of the United States funds shall be used as permitted by law in the same manner as receipts from rural resettlement projects wholly financed by such funds, free from any claims of the corporation. Receipts thus determined to be allocable to the investment of the corporation or of appropriation account No. OT687.29 shall be deposited in receipt account No. 8144.29, thence to be transferred and be available for expenditure out of the said appropriation account. Receipts thus deposited and any proceeds therefrom, together with any other funds which may be deposited in such receipt account, shall constitute a revolving fund for continued use by the Secretary for accomplishing the rehabilitation of individuals and families in the State of North Carolina, subject to the purposes

and powers set forth in the certificate of incorporation of the corporation, and in the legislative act and in article IV section 1 hereof.

SEC. 3. Without limitation upon the power of the Secretary to make similar expenditures out of appropriation account No. OT687.29, or out of receipts determined to be allocable to the investment of United States funds, in accordance with section 2 of this article, and without limitation upon any of the other powers granted by this agreement, the Secretary may expend out of the cash proceeds and income derived from the operation of the said property such sums as may be necessary for the operation and maintenance of the property, or may, from time to time, retain out of such cash proceeds and income such sums as he may reasonably estimate to be necessary for such purposes. Operation and maintenance expenses shall not include salaries, except (a) salaries of persons whose whole time is consumed with the corporation's affairs, and (b) the pro rata share of salaries of persons whose whole time is consumed with corporation's affairs and with the affairs of other rural rehabilitation corporations. In the event that cash proceeds and income are expended or retained by the Secretary, prior to apportionment as authorized by this section, the amount available for apportionment, as provided in the foregoing section of this agreement, shall be reduced by the amounts of such expenditures or retentions of cash proceeds and income.

#### ARTICLE VII

SECTION 1. The corporation shall retain \$350,000 of its assets to be held as a reserve fund and loaned (at an interest rate of not less than 4 percent per annum) for such rural rehabilitation purposes as the corporation shall deem advisable.

SEC. 2. The corporation shall also retain the sum of \$10,000 (for administrative expenses) plus the expenses necessary for effecting the transfer of the assets under this agreement.

#### ARTICLE VIII. DIRECTORS TO BE HELD HARMLESS

SECTION 1. Upon the effectuation of the transfer as herein provided, the stockholders and directors of the corporation shall cease to be in any manner liable by reason of any act or omission with respect to the administration or expenditure of the assets and properties herein transferred or the proceeds thereof.

#### ARTICLE IX. RETURN OF STOCK OF THE CORPORATION

SECTION 1. Upon the execution of this agreement by the president of the corporation, the Secretary will forward the certificates of stock in the corporation now being held by him to Col. J. W. Harrelson, dean of administration of North Carolina State College, as escrow agent, with instructions to such agent to deliver the said certificates of stock to the Board of Directors of the Corporation upon the approval and execution of this agreement by the Secretary; but in the event that the agreement is not approved and executed by the Secretary, the certificates of stock will be returned by Col. J. W. Harrelson, dean of administration of North Carolina State College, to him. In the event this agreement is approved and executed by the Secretary and the certificates of stock are delivered by the escrow agent to the corporation, such delivery shall specifically operate as a termination of the original pledge of said stock with Harry Hopkins, Federal Relief Administrator, and the rights of any other agency or representative of the United States Government as a successor pledgee to Harry Hopkins, Federal Relief Administrator.

#### ARTICLE X. REPORTS AND STATEMENTS

SECTION 1. The Secretary shall, within the first 15 days of each calendar month during the term of this agreement, prepare and deliver to the Governor of North Carolina and to the president of the corporation a detailed balance sheet and report as of the last day of the preceding month, showing the corporation's assets and the corporation's funds in the United States Treasury and the liabilities chargeable against such assets and funds, said balance sheet and report to be in the form hereto attached and made a part of this agreement.

#### ARTICLE XI. TERMINATION

SECTION 1. If the Secretary should at any time fail to make or furnish the reports or balance sheets as prescribed in article X of this agreement, or if the Secretary should at any time use any of the assets or funds of the corporation (or the assets



or funds into which the same should be converted under the terms of this agreement) for purposes other than those prescribed in article IV of this agreement, or if the Secretary should at any time violate any of the other terms or conditions of this agreement, then the corporation or, if the corporation be dissolved, the Governor of North Carolina shall have the right to terminate this agreement by written notice to that effect to the Secretary.

Sec. 2. In the event that the authority of the Secretary or his successor (as provided for in article XII, section 1, hereof) shall cease, this agreement shall be forthwith terminated.

Sec. 3. If neither of the contingencies provided for in sections 1 and 2 of this article shall earlier occur, then, this agreement shall in any event terminate at the end of 12 years from its date, unless the same shall be renewed by the mutual agreement of the parties hereto.

Sec. 4. Upon the termination of this agreement in any of the manners hereinabove set forth, the property remaining of that transferred, together with the remaining proceeds, shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general fund of the State Treasury of North Carolina.

#### ARTICLE XII. MISCELLANEOUS

SECTION 1. In the event that the powers and functions of the United States Department of Agriculture with respect to the administration of rural rehabilitation or relief shall be hereafter vested in any other agency, whether of the United States of America or otherwise, such other agency shall be vested with all of the rights and powers and shall be subject to all of the conditions and limitations and obligations set forth in this agreement.

Sec. 2. The Secretary or any successor may, by designation in writing name any person including any officer, employee or agency of the United States of America to act as his agent in connection with carrying out the provisions of this agreement.

Sec. 3. No Member of or Delegate to Congress shall be admitted to any share or part of this agreement or to any benefit which may arise therefrom.

Sec. 4. This instrument shall become effective as of (a) its execution by the Secretary or (b) by its execution by the corporation, whichever event is the later in time.

In witness whereof, the contracting parties hereto have hereunto subscribed their names as of the date first above written.

NORTH CAROLINA RURAL REHABILITATION CORP.  
By MRS. THOMAS O'BERRY, *President*.  
HENRY A. WALLACE, *Secretary of Agriculture*  
(For and on behalf of the United States).

MAY 23, 1938.

[SEAL]

Attest:

T. L. GRIER, *Secretary*.

On June 4, 1938 I was notified by Dr. George S. Mitchell, regional FSA Director, over the telephone, that the Secretary of Agriculture signed this agreement on June 3, 1938.

ANNIE L. O'BERRY.

JUNE 6, 1938.

This is to certify that the foregoing is a true copy of the agreement of transfer between North Carolina Rural Rehabilitation Corporation and the United States of America, bearing date of May 20, 1938, and signed on behalf of the corporation on May 23, 1938, and on behalf of the United States of America on June 3, 1938.

This 16th day of May, 1949.

[SEAL]

W. CAREY PARKER,  
*Secretary, North Carolina Rehabilitation Corp.*

#### RESOLUTION OF BOARD OF DIRECTORS OF NORTH CAROLINA RURAL REHABILITATION CORPORATION

Whereas, this corporation has been advised of the introduction of certain bills in the Congress of the United States applicable to certain funds of this corporation now held in trust by the Secretary of Agriculture, said bills being identified as S. 930 and H. R. 2392, and

Whereas the facts concerning the history of these funds are as follows:

(1) These funds, with others, were unconditionally granted to the State of North Carolina by the United States Government through the Federal Emergency Relief Administration, said funds having been appropriated for this purpose by the Federal Emergency Relief Act of 1933 and subsequent acts making additional appropriations to carry out the purposes of the Federal Emergency Relief Act of 1933, and were delivered by the Federal Government to the Governor of North Carolina pursuant to such grants.

(2) Said funds were thereupon paid over by the Governor to the State relief administration, which in turn delivered these funds to this corporation for use in rural rehabilitation work in North Carolina.

(3) This corporation is an agency of the State of North Carolina, incorporated by the State of North Carolina to carry on a program of rural rehabilitation in this State.

(4) As an agency of the State of North Carolina, this corporation received the above-mentioned funds belonging to the State of North Carolina and proceeded to use said funds for rural rehabilitation work.

(5) In the year 1935, after being advised that no further Federal grants would be available for carrying on the activities of this corporation, the corporation and the Resettlement Administration of the Federal Government entered into negotiations for the transfer of the funds and assets of the corporation to the United States of America and/or the Resettlement Administration, but terminated such negotiations before any agreement was concluded upon being formally advised by the Attorney General of North Carolina that this corporation had no right to take such action.

(6) Thereupon the corporation entered into an agreement with the Resettlement Administration for the latter to manage and direct the administration of the corporation's assets and the expenditure of the corporation's funds until December 31, 1936.

(7) In April 1936, the Resettlement Administration terminated this agreement and returned to this corporation all of its assets and properties, and the corporation conducted and managed its own rehabilitation program until the year 1938.

(8) In May 1938, this corporation entered into an agreement dated May 20, 1938, with the United States of America, acting by and through the Secretary of Agriculture, by the terms of which agreement the corporation turned over to the United States of America certain of its assets in trust, to be administered in the manner specifically set out in said agreement. This agreement contained, among others, the following provisions:

(a) The North Carolina Rural Rehabilitation Corporation is specifically recognized as an agency of the State of North Carolina.

(b) Certain funds of the corporation were specifically excluded from the operation of said agreement, and were retained by and are now held and managed by this corporation.

(c) The agreement specifically provides that the funds covered by said agreement were being transferred to the United States of America "upon the trusts and for the purposes" herein set out.

(d) The agreement provides with particularity the purposes for which said funds may be spent, and places specific limitations on the portion of the funds which may be spent for certain designated purposes.

(e) The agreement contains detailed provisions concerning the allocation of payments made by debtors who had or might thereafter borrow from the corporation's funds and who were also borrowers from the Secretary of Agriculture (or the Farm Security Administrator or the Resettlement Administrator), said provisions being obviously designed to protect the trust funds from unfavorable treatment in such instances.

(f) The Secretary of Agriculture specifically agreed "within the first 15 days of each calendar month during the term of this agreement, [to] prepare and deliver to the Governor of North Carolina and to the president of the corporation a detailed balance sheet and report as of the last day of the preceding month, showing the Corporation's assets and the corporation's funds in the United States Treasury \* \* \*."

(g) The agreement contains specific provisions terminating it in event the Secretary of Agriculture (a) fails to furnish the above-mentioned balance sheet, or (b) uses any of the assets or funds for purposes other than those specified in the trust agreement, or (c) at any time violates any of the other provisions of this agreement.

(h) The agreement specifically provides that in any event the trust is to terminate at the end of 12 years, and upon its termination, in any manner, the funds

are required to "be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general fund of State Treasury of North Carolina."

And whereas, by virtue of the foregoing facts, the funds now held in said trust fund are the property of the North Carolina Rural Rehabilitation Corporation, subject only to the above-mentioned trust agreement between said corporation and the Secretary of Agriculture of the United States, and neither the Federal Government nor any of its officers, agents or employees has any right, title or interest in said funds except to administer the above-mentioned trust and upon the termination of said trust to return the funds then held in said trust to this corporation, as specifically provided for in the agreement between this corporation and the Secretary of Agriculture; and

Whereas this corporation, being the absolute owner of said funds as an agency of the State of North Carolina, would not have turned any of its funds over to the Secretary of Agriculture in 1938 except for the specific agreement in writing of the United States Government, acting by and through its Secretary of Agriculture, to return said funds to this corporation in the year 1950 or upon the sooner termination of said trust agreement: now therefore be it

*Resolved by the Board of Directors of the North Carolina Rural Rehabilitation Corporation:*

1. That the Committee on Agriculture and Forestry of the United States Senate, Eighty-first Congress, is respectfully urged to act favorably on Senate bill 930 or such other legislation as would authorize and direct the Secretary of Agriculture to return to this corporation the funds and properties held by him as trustee under the trust agreement entered into under date of May 20, 1938, between this corporation and the United States of America, acting by and through the Secretary of Agriculture, at the time provided in said trust agreement for such return or such earlier time as the Congress may direct.

2. That the Committee on Agriculture of the United States House of Representatives, Eighty-first Congress, is respectfully urged to act favorably on House bill 2392 or such other legislation as would authorize and direct the Secretary of Agriculture to return to this corporation the funds and properties held by him as trustee under the trust agreement entered into under date of May 20, 1938, between this corporation and the United States of America, acting by and through the Secretary of Agriculture, at the time provided in said trust agreement for such return or such earlier time as the Congress may direct.

3. That the Senate and the House of Representatives of the Eighty-first Congress are respectfully urged to adopt S. 930 or H. R. 2392 or such other legislation as would authorize and direct the Secretary of Agriculture to return to this corporation the funds and properties held by him as trustee under the trust agreement entered into under date of May 20, 1938, between this corporation and the United States of America, acting by and through the Secretary of Agriculture, at the time provided in said trust agreement for such return or such earlier time as the Congress may direct.

I, W. Carey Parker, secretary of the North Carolina Rural Rehabilitation Corporation, do hereby certify that the foregoing is a true and exact copy of the resolutions duly adopted by the board of directors of the North Carolina Rural Rehabilitation Corporation at a meeting held in the city of Raleigh, N. C., on the 29th day of March, 1949.

This 31st day of March 1949.

[SEAL]

W. CAREY PARKER,  
*Secretary, North Carolina Rural Rehabilitation Corporation.*

GENERAL ACCOUNTING OFFICE,  
*Washington, January 2, 1935.*

FEDERAL EMERGENCY RELIEF ADMINISTRATOR.

SIR: There has been considered your letter of September 24, 1934, as follows: "Reference is made to your letter A-56783, dated September 7, 1934, A-51602, dated September 10, 1934, and A-56116, dated September 14, 1934.

"The first-mentioned letter refers to two circulars addressed by this office to all State emergency relief administrations under dates of July 7, 1934, and July 11, 1934, on the subjects 'Disposal of materials which cannot be used for work



division programs' and 'Improvement of relief office facilities', respectively. The second-mentioned letter refers to a resolution sent you by C. E. Austin, chairman, and E. J. Clawson, secretary-treasurer of the United Mine Workers of Kankakee County, Momence, Ill., alleging irregularities in the administration of relief in certain counties of Illinois. The last-mentioned of your letters refers to the matter of a complaint of the Barrett Co., 40 Rector Street, New York, N. Y., concerning the possibility of purchase by the South Carolina Relief Administration of nitrate of foreign origin.

"With respect to the first letter, A-56783, regarding the two circulars issued by this office, your quotations from sections 3617 and 3618, Revised Statutes, are noted, as is the statement that the terms thereof are equally applicable to the Federal Emergency Relief Administration.

"Replying to your request for a report as to whether the materials mentioned in the circular of July 7, 1934, were purchased from Federal moneys and as to the ownership of the property, you are advised that the materials may have been purchased from relief funds, representing in most cases a combination of funds appropriated by the States and funds granted to the States by the Federal Government, or they may have been purchased from funds of the Civil Works Administration. In the latter case, the materials were taken over by the State relief administrations upon termination of the civil works program under authority of grants of materials, approved by me pursuant to the provisions of section 4 (a) of the Federal Emergency Relief Act of 1933. In either case, it would appear that the proceeds of the sales are not required to be paid into the United States Treasury, except in the States of Massachusetts, North Dakota, and Oklahoma, in which States the relief administration is operated as an agency of the Federal Government, pursuant to the authority vested in me by section 3 (b) of the Federal Emergency Relief Act of 1933. In those three States amounts received on account of sales of materials which are the property of the Federal Government are deposited in the prescribed manner.

"The objections stated in your letter to the contents of the circular dated July 11, 1934, would seem to involve property leased to the Federal Government, whereas, with the exception of the States of Massachusetts, North Dakota, and Oklahoma, the property is not leased to the Federal Government but to the State. The relief administrations in the three States named have been notified that the practice of 'trading' labor for rent as suggested in the circular may not be adopted.

"With reference to your letter, A-51602, concerning the resolution of the United Mine Workers of Kankakee County, Ill., the allegations will be thoroughly investigated and such action taken as may be warranted by the facts developed.

"With respect to your letter, A-56116, regarding the complaint of the Barrett Co., in connection with the purchasing procedure of the South Carolina Relief Administration, it is noted that you state 'the requirement referred to by the State purchasing agent that where supplies are purchased that are not mined, produced or manufactured in the United States, the special or general code of fair practice should apply to that portion of the contract executed within the United States has nothing to do with the requirement of title III of the act of March 3, 1933, in the expenditure of Federal funds and he should be advised accordingly.' It is agreed that the requirement referred to by the State purchasing agent has nothing to do with the requirement of title III of the act of March 3, 1933, but it is not understood in just what respect the provisions of the statute referred to restricting the expenditure of Federal funds apply to the activities of the South Carolina Relief Administration.

"Your three letters referred to herein were grouped together for the purpose of reply, because it seems that they all indicate the possible existence of an opinion as to the status of relief funds in the hands of State emergency relief administrations which is at considerable variance with the opinion of the Federal Emergency Relief Administration.

"This Administration regards State relief administrators, appointed by the governors, State boards, or similar State agencies administering relief, and all personnel subordinate to said administrators as officers, employees or agents of their respective States, and not as officers, employees or agents of the Federal Government. This Administration also regards contracts, purchases, and relief operations in general made and entered into by such State administrators, as made and entered into on behalf of the States and not of the Federal Government. This Administration further regards all funds or property coming into the hands of said administrators as a result of lawful compliance by the State or its officials with the procedure required by the Federal Emergency Relief Act of 1933, as

funds or property of the State and not of the Federal Government, irrespective of their original Federal source.

"If you are of the opinion that such funds in the hands of State administrations are Federal funds, subject to the various requirements and restrictions in connection with the expenditure of Federal funds, it is obviously desirable that there be a definite understanding as to the point in question.

"It has been my desire throughout the civil works program and the relief program that the affairs of these administrations be conducted in harmony with the Government accounting officers and, although the nature of the undertaking and its far flung activities has at times made it difficult to obtain the degree of adherence that was desired, there has never been adopted any procedure attempting to evade the requirements to which it was understood the activities were subject. It is intended that this policy shall continue.

"It will be appreciated if you will let me have your reaction to the discussion contained herein."

It being understood from the facts as supplied by you that these transactions involved moneys of the respective States in the hands of State emergency relief administrations, and not moneys of or under the control of an agency of the Federal Government, you are advised that this office has no further question with respect thereto.

Respectfully,

J. R. McCARL,  
*Comptroller General of the United States.*

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STATE OF NORTH CAROLINA,  
OFFICE OF THE GOVERNOR,  
*Raleigh, May 16, 1949.*

The Honorable HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
United States House of Representatives, Washington, D. C.*

DEAR MR. COOLEY: I am informed that there are now pending before your committee certain bills relating to the liquidation and disposition by the Secretary of Agriculture of the funds and properties administered by him under the transfer agreements with the several State rural rehabilitation corporations. I, therefore, address the request contained in this letter to you and the members of your committee as well.

Whatever may be the situation in other States with reference to these funds and properties, the State of North Carolina is relying upon an agreement dated the 20th day of May 1938, and entered into between the North Carolina Rural Rehabilitation Corp. and the United States of America, acting by and through the Secretary of Agriculture. I will not state in detail the provisions of the agreement, as this agreement is already before your committee, or will be so presented. Under this agreement, a termination date of 12 years from the date of the contract was fixed; and at the end of that time the property remaining, together with the proceeds after the liquidation of existing claims, was to be retransferred to the rural rehabilitation corporation of this State. If the corporation, at the expiration date, should not be in existence, then the funds were to be transferred to the treasury of the State of North Carolina.

As Governor of this State, I urgently request that your committee act favorably upon such legislation as would require the Secretary of Agriculture to return the funds and properties covered by the agreement between his agency and the North Carolina Rural Rehabilitation Corp. to the State of North Carolina as provided by the agreement.

Sincerely,

W. KERR SCOTT.

The CHAIRMAN. I would like to ask you one question. In regard to the bill now before us, does it cover all the amendments or suggestions that were made by the Department officials during the hearing here in the last session of Congress?

Mr. WEATHERS. I think so, Mr. Chairman. It gives the Secretary of Agriculture a tentative supervision over transactions of these funds when returned to the States.



The CHAIRMAN. My recollection is not entirely clear on that, but we do provide in the bill before us that the funds shall be used under the supervision of the Secretary of Agriculture.

Mr. WEATHERS. Yes, sir; that is right.

The CHAIRMAN. And if they have a limitation or restriction placed upon the funds, while you do not agree with it, I suppose you would not feel inclined to have any litigation over it.

Mr. WEATHERS. Mr. Chairman, of course it is obvious I cannot speak for the corporation itself.

The CHAIRMAN. But can you tell us this: The North Carolina situation is comparable with the situation in other States, and is it the definite purpose of the North Carolina Corp. to bring a law suit in the event we refuse to return it?

Mr. WEATHERS. I think it would be their duty. The corporation has not been confronted nor has it anticipated that question, because we cannot contemplate that Congress won't return our funds to it.

The CHAIRMAN. In other words you think it is unthinkable that we will refuse to do it?

Mr. WEATHERS. Yes, and might I state one thing further? There was a decision written by one for whom all of you, I am sure, have great respect, namely Chief Justice Holmes, in which there was granted to the State of Alabama some lands, and a portion of them were allocated to school purposes; and later the school purposes were no longer continued. Chief Justice Holmes in that case said that the grant was absolute. It was for a particular purpose but the purpose can only be enforced in honor and it is an honorary obligation rather than a legal obligation; and it is on the basis of that, Mr. Chairman, that we feel that not only were these grants unconditional, but the contract with the Secretary of Agriculture recognizes it, and they should be returned to the State.

Mr. ABERNETHY. As I understand, the situation is comparable in each of the States.

The CHAIRMAN. The only difference being that in the North Carolina contract, or first agreement, a definite statement was made on the return of the funds in 1950.

Mr. ABERNETHY. What about the other States?

The CHAIRMAN. No definite date was given but the agreement was substantially the same as in this particular case.

Mr. ABERNETHY. What about the corporate charters of the various States? Are the charters in all respects alike?

Mr. WEATHERS. I think that is probably true. I have seen the correspondence between the Federal Emergency Relief Administration and the North Carolina agency, in which they sent down a charter which appeared to be a form charter recommended for all the States because it says:

\* \* \* shall be refunded to the General Treasury. \* \* \*.

I think that is true of all States.

Mr. ABERNETHY. How much money is involved?

Mr. WEATHERS. \$50,000,000 or \$52,000,000.

Mr. ABERNETHY. Distributed between what States? All the States?

Mr. WEATHERS. Forty-three States.

Mr. ABERNETHY. Who has the custody of the funds now?

Mr. WEATHERS. In the State of North Carolina we have \$360,000 which we are administering for rural rehabilitation purposes. The remainder of our funds, some \$850,000, are in the hands of the Secretary of Agriculture under this contract that I have just referred to, a copy of which I have put in the record.

Mr. ABERNETHY. What will he do with the money? Are his hands tied as to the money?

Mr. WEATHERS. The Farmers Home Administration Act directed him to liquidate the trust and turn it back.

Mr. ABERNETHY. No one has authority to draw on the funds and use them now.

Mr. WEATHERS. Certainly the North Carolina corporation does not.

Mr. HOPE. Will you yield on that point?

I would like to ask Mr. Rooney a question in regard to that. As I understand it the annual appropriation bill, gives authority to the Secretary to use these funds. Is that correct or not?

Mr. ROONEY. That is right; beginning with the Appropriation Act in 1944, which was passed in 1943. It appears in the Appropriation Act after that, and the Farmers Home Act after that says funds were made available and can be used for loans.

Mr. ABERNETHY. But the question is whether the Appropriation Committee and subsequent acts by Congress are using the funds allocable to the States. That is the issue there.

Mr. HOPE. As I understand, the funds are being loaned under the authority of the Appropriation Act.

Mr. ROONEY. That is right.

Mr. WEATHERS. We understand the funds are intact at the Department of Agriculture under these trust agreements.

Mr. ABERNETHY. What would the State of North Carolina and the other States do with that money if those funds are released by the Government?

Mr. WEATHERS. In our State I suggest, Mr. Abernethy, we can use it for numerous rehabilitation purposes in North Carolina.

Mr. ABERNETHY. But it would be confined in that field for homes?

Mr. WEATHERS. Mostly, and that is exactly what the State of North Carolina is doing and intends to do.

The CHAIRMAN. And that is what the act directs, that it be administered under the Secretary of Agriculture.

Mr. ABERNETHY. Will this apply to all the States?

The CHAIRMAN. Yes.

Mr. WEATHERS. Mr. Chairman, we have four extra copies of this brief. May we leave them?

The CHAIRMAN. Yes.

Mr. HOPE. Mr. Weathers, these funds were originally given to the States under the provision of acts passed in 1933 and 1934, which appropriated funds for relief and rehabilitation at a time when the country was in the throes of a very great depression and there was a great deal of unemployment; farm prices were far below the cost of production and there was distress, both in the city and the country. That is correct; isn't it?

Mr. WEATHERS. Yes, it is.

Mr. HOPE. And the purpose for which the funds were given to the States at that time was to meet that situation; was it not?

MR. WEATHERS. It was in part, I think, Mr. Hope. I think I would like to answer it in its entirety and I do not want to interrupt your question. May I do so now?

In respect to that, Mr. Hope and gentlemen of the committee, these funds were granted to the State designated by the Federal Emergency Relief Administrator for rural rehabilitation purposes. Those purposes are still continuing.

Now it happens they were granted at a time when money was granted for relief of the needy, but in our State the rural rehabilitation is needed—probably not in the same manner it was 15 years ago, but needed, and continues to be needed; but I would like to answer that from the legalistic standpoint to Mr. Hope, if I may, with this brief word; and that is that this act of 1933, it specifically said that the decision of the Administrator in granting the property or granting the funds shall be conclusive and final. So when a grant was made by him for rural rehabilitation purposes to the State, there was no reimbursable feature or reclaiming feature involved in it and the title passed to the State and is beyond the control of Congress or the Federal Government in our opinion, sir.

MR. HOPE. Well it is true, is it not, however, that the acts themselves under which these funds are made available, essentially by their terms specify that the Federal Government funds could be used for the purpose of meeting a condition of unemployment and relief of condition which had resulted in the deprivation of people in both the country and cities of the necessities of life. That is true, is it not?

MR. WEATHERS. Yes; I think that was the underlying reason for that legislation in 1933; and the additional Appropriation Act of February 15, 1934.

MR. HOPE. Now whether or not the funds that were so granted the States could be used for purposes which were not originally contemplated depends, I take it, from what you said, upon the definition of rural rehabilitation. I understand your position to be that even though you contend the funds were granted unconditionally, the States should use them for rural rehabilitation. Is that it?

MR. WEATHERS. Yes, sir; I think under the decision in the Schmidt case, made by Justice Holmes, the State is under moral obligation to do it and there is no difference in this case in North Carolina. We think the State is morally obligated to use it for that purpose and it will be used for that purpose only; but we think legally, the grant being unconditional, that question is moot, although we intend to conform to the other line.

MR. HOPE. Well, now, there is no way at the present time that these funds could be used for the purpose contemplated in 1934 or 1935, is there?

MR. WEATHERS. Well, sir, I will answer this: The original funds which were used for the regional areas in rural rehabilitation were employed for farm purchases, equipment purchases, for the rehabilitation of people who needed the assistance of the funds in regard to it. We are still doing it. We are still making loans under the Bankhead-Jones Act to people who qualify under the definition of that act, but for whom there are no available funds as the GI has preempted those funds. We are likewise using a portion of the money we have there for the purpose of loans to the counties for the construction of vocational buildings and the construction of vocational equipment to



teach and build up in the rural areas of North Carolina a people who will become self-sustaining. We think that is for the relief of a need, even though it is different in degree from the need which existed in 1933.

Mr. HOPE. But you don't have in North Carolina a situation which in any way compares with the situation that existed in 1933 and 1934, do you?

Mr. WEATHERS. No, sir, Mr. Hope; we do not with respect to those people, who in 1934 had initiative, energy, and diligence and could not make a go of it; but we still have people in North Carolina, as in other States, who need an opportunity to be lifted from the strata of life in which they are to a higher degree and we think these funds will, when made available, make an improvement in that life.

Mr. HOPE. I think in your agreement with the Secretary there is no definition of what constitutes rural rehabilitation. Is that correct?

Mr. WEATHERS. I believe that is correct.

Mr. HOPE. So it is your contention that you are using these funds for rural rehabilitation; you are setting up your own definition of rural rehabilitation, are you not?

Mr. WEATHERS. Yes, sir; we are, but I might say the purposes we are using them for are purposes which have been approved, if not officially, informally, by the Department of Agriculture of the United States.

Mr. HOPE. This act will require Federal approval?

Mr. WEATHERS. It will require supervision and veto power to use beyond the amount he specified. It gives complete control as to the use of funds.

The CHAIRMAN. In answer to Mr. Hope's question as to the situation now compared to the time when the grant was originally made: It is a fact that the Government actually has recognized the need for this very purpose of rural rehabilitation, and so has authorized it through the Appropriation Act—the use of these funds for that specific purpose.

Mr. WEATHERS. Yes, sir; that is true, Mr. Cooley. And I might add this, gentlemen, that in any of the States I think this is applicable, but in North Carolina the administration of this program to the extent of the funds available will serve a very efficacious purpose because this organization is an agency of the State, is close to it, and knows the particular condition and the particular needs in our State.

Mr. Chairman, I would like to say there is no one else to speak in behalf of the North Carolina corporation.

I would like for the committee to recognize Mr. Ralph Moody, one of the assistant attorneys generals of the State of North Carolina, who is here today and who would like to make just a brief statement.

Mr. HOPE. How far do you think the State of North Carolina or any other State could go in using these funds for any purpose that was not closely connected with the relief of conditions such as existed in 1933? For example, do you think that the State of North Carolina could, under the act of Congress and under the agreement with the Secretary, use the funds that you have for the establishment of a series of parks or recreation camps?

Mr. WEATHERS. If the State authorized that, Mr. Hope, I think that they could. That has been before the Supreme Court of the United States in several different cases in which property was granted

to a State to use the land for a particular purpose and then the State used this property for other purposes; and the Supreme Court has held in those several cases that the action of the State was tantamount to the declaration that the purpose originally designated was no longer necessary and they allocated it for a different purpose; but here is a distinction, Mr. Hope, if I may make it clear:

If the Congress has sent these funds to North Carolina on a reimbursable basis or on a conditional grant to be reclaimed, then Congress' action to take them back or appropriate them is one thing, but they were outright grants and they belong to the State. We think legally the funds are ours without any obligation to hold them to the 1933 condition, if that condition should ever arise.

Mr. HOPE. That is all I care to ask.

Mr. ABERNETHY. In respect to the Mississippi Rural Rehabilitation Corporation, the agreement of transfer on "termination," article VIII, section 1, provides:

In the event that the authority of the Secretary of Agriculture or his successor (as provided for in article IX, section 1 hereof) shall cease, this agreement shall be forthwith terminated and the property remaining of that transferred, together with the remaining proceeds shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation or to such other corporation, person, or agency as may be designated by the Legislature of the State of Mississippi.

Now that is somewhat different from the clauses which were in your contract.

Mr. WEATHERS. Except section 3 in our contract, which says this:

If neither of the contingencies provided for in sections 1 and 2 of this article shall earlier occur, then this agreement shall in any event terminate at the end of 12 years from its date, unless the same shall be renewed by the mutual agreement of the parties hereto.

And then the succeeding section directs that the remainder of the property go to North Carolina.

#### STATEMENT OF HON. RALPH MOODY, ASSISTANT ATTORNEY GENERAL, NORTH CAROLINA

Mr. MOODY. Mr. Chairman and members of the committee: I will only take a minute. I think the committee should know the reason why our office did not come here representing the State of North Carolina in this matter.

Today in our office we have our hands full taking care of criminal appeals and matters of that nature, and under our law when contingencies arise we are allowed to recommend that a special counsel be employed; and it was under those conditions Mr. Weathers was employed to represent North Carolina, and he is special counsel for North Carolina.

I cannot go into the other things.

The CHAIRMAN. Thank you very much.

I regret very much we cannot conclude the hearing today. The House is now in session and the committee will have to adjourn, subject to the call of the chair.

(Thereupon the committee adjourned to meet at the call of the Chair.)





# LIQUIDATION OF RURAL REHABILITATION TRUST FUNDS

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THURSDAY, JUNE 9, 1949

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D. C.*

The committee met at 10 a. m., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. We meet this morning to consider H. R. 2392 and H. R. 3244, to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

I would like to have incorporated in the record, but not reprinted, the hearings which were held in May 1948 on H. R. 5905 and H. R. 6210.

I think these are substantially the same as the bills that we had before us in the Eightieth Congress, with the exception of amendments placed in the new legislation at the suggestion or upon the recommendation of the officials of the Department.

I will ask Mr. Rooney to take the stand. Mr. Rooney, please identify yourself for the benefit of the members of the committee and the reporter.

## STATEMENT OF HOWARD ROONEY, ASSOCIATE SOLICITOR, DEPARTMENT OF AGRICULTURE

Mr. ROONEY. Mr. Chairman and members of the committee, my name is Howard Rooney. I am Associate Solicitor in the Department of Agriculture and have charge of the credit agencies, including the Farmers Home Administration which has charge of the administration of the trust funds in question in these bills.

The CHAIRMAN. And you were in the Department of Agriculture in a similar position or in the same position during the Eightieth Congress, were you not?

Mr. ROONEY. That is right.

The CHAIRMAN. And in the Eightieth Congress, my recollection is, the Department of Agriculture reported unfavorably on the bill which provided for the return of the funds to the State corporations.

Mr. ROONEY. I believe that is correct.

The CHAIRMAN. At that time, Mr. Anderson was Secretary of Agriculture.

Mr. ROONEY. That is right.

The CHAIRMAN. Since that time, Mr. Anderson has been elected to the Senate, and he has introduced a bill which would provide for the return of the funds to the State corporations, has he not?

Mr. ROONEY. That is right.

The CHAIRMAN. But you still hold to your same views?

Mr. ROONEY. The Department does, Mr. Cooley.

The CHAIRMAN. When you say "the Department," what part of the Department—the Secretary of Agriculture?

Mr. ROONEY. Yes, sir.

The CHAIRMAN. You, then, are supporting the position that the funds involved in the rural rehabilitation trust agreements should be returned to the Treasury of the United States?

Mr. ROONEY. Not exactly that, Mr. Cooley. He feels, as I understand it, that Congress has a perfect legal and moral right to return them to the Treasury, and he merely reported adversely on the bill you introduced. He did not think that the bill provided a wise disposition of the funds for the reasons stated in the report.

The CHAIRMAN. Well, he holds to the view, and you support him in that view, that these funds should not be returned to the State corporations pursuant to the trust agreements but, rather, should be returned to the Treasury of the United States?

Mr. ROONEY. Our position is that there is no legal obligation to return them to the States, but we think they could be put to a wiser use than distributing it under the plan in the bill you have under consideration.

The CHAIRMAN. You are an attorney yourself?

Mr. ROONEY. Yes, sir.

The CHAIRMAN. And you are familiar with the trust agreements which were executed?

Mr. ROONEY. Yes, sir.

The CHAIRMAN. And is it your opinion that those trust agreements have no legal effect at all?

Mr. ROONEY. Those trust agreements are not decisive on the question we are talking about.

The CHAIRMAN. In other words, you are going behind the agreements?

Mr. ROONEY. That is right; I am going back to the statutes that granted the money.

The CHAIRMAN. Then you do not question the legality of the trust agreement executed between the State of North Carolina and the Secretary?

Mr. ROONEY. Well, I question it to this extent, Mr. Cooley, that the Secretary of Agriculture, as far as I can find, has never had any authority to waive any rights that the United States has in these funds, and the contract could not have the effect of divesting the United States of any interest in the funds.

The CHAIRMAN. What was the original transaction if it were not a gift of Federal funds to the State corporations?

Mr. ROONEY. It was a grant for specific purposes which created a trust to be used for those purposes.

The CHAIRMAN. And the articles of incorporation of the corporations which were organized were written here in Washington in the Department of Agriculture, transmitted to the governors in the several States, and the legislatures of the several States created those corporations; is not that true?

Mr. ROONEY. That was true in some cases. I think in other cases the corporation was merely incorporated under some general corporation law of the State.

The CHAIRMAN. In other words, the Department of Agriculture in Washington provided the form which was used in chartering these corporations?

Mr. ROONEY. No; that is not right, Mr. Cooley. The corporations were formed at the time this money was being administered by the Federal Emergency Relief Administration.

The CHAIRMAN. That is right.

Mr. ROONEY. The Department of Agriculture did not get into the picture at all until the Farm Security Administration was formed.

The CHAIRMAN. I understand; but what I have been trying to say is that the corporations which were created were created in the manner suggested by the Federal Government.

Mr. ROONEY. By the Federal Emergency Relief Administration.

The CHAIRMAN. That is right. And then, after they had been chartered, they took over these funds and administered the funds for awhile.

Mr. ROONEY. That is right.

The CHAIRMAN. Then a trust agreement, which was a written document signed by the parties, containing all of the provisions and stipulations, was executed.

Mr. ROONEY. That is right.

The CHAIRMAN. And under this agreement and pursuant to the terms of this agreement, the money was placed with the Secretary in trust.

Mr. ROONEY. That is right.

The CHAIRMAN. Now, you say that trust agreement has no legal effect and carries with it no legal obligation and no moral obligation to return the funds as therein provided?

Mr. ROONEY. I say it would, Mr. Cooley, as long as the funds could be used for the purpose Congress appropriated and granted them for.

The CHAIRMAN. Why should you, as a lawyer, undertake to say that the funds cannot be used for the purposes for which they were originally intended?

Mr. ROONEY. I say if they can, they should be; but the facts that exist do not permit that use.

The CHAIRMAN. What are those facts?

Mr. ROONEY. That the depression is over.

The CHAIRMAN. Who told you that?

Mr. ROONEY. I think that is a general fact.

Mr. GRANGER. Mr. Chairman, what is this about? You seem to know all about it and are carrying on a legal argument here, but I do not know what it is all about.

The CHAIRMAN. I thought the gentleman, Mr. Granger, already understood it.

Mr. GRANGER. No; I do not know to what you are referring.

The CHAIRMAN. Then I will ask this gentleman, Mr. Rooney, to state the proposition.

Mr. ROONEY. I have a prepared statement, Mr. Cooley, that gives a little résumé.

Perhaps, Mr. Granger, you would like to know a little of the background.

Mr. GRANGER. I certainly would.



The CHAIRMAN. I thought Mr. Granger already knew that. We had a hearing in the last session, and I was assuming the members already knew about it.

But, if you have a prepared statement, maybe you should read that now.

Mr. ROONEY. It has quite a little legal argument, but it is not too long.

The report of the Department on H. R. 2392 was based on the premise that at this time there is no legal or moral obligation imposed on Congress that would require the return of the assets covered by the transfer agreements to the States or corporations for use in a rural rehabilitation program. The Secretary was so advised by the Solicitor's office of the Department, and as a representative of that office my testimony will be for the purpose of acquainting the committee with the reasons for reaching the foregoing conclusion.

A legal conclusion must always be tested in relation to the facts upon which it is predicated. It is agreed that the assets in question were derived from funds made available under the terms of the Federal Emergency Relief Act of 1933 (48 Stat. 55), the act of February 15, 1934 (48 Stat. 351), and the act of June 19, 1934 (48 Stat. 1055). Section 1 of the Federal Emergency Relief Act of 1933 contains the following language:

That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increased inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people.

The act created the Federal Emergency Relief Administration, with a Federal Emergency Relief Administrator at its head. Funds of the Reconstruction Finance Corporation in the amount of \$500,000,000 were made available for the purposes of the act which were set out in section 4 (a) as follows:

Out of funds of the Reconstruction Finance Corporation made available by this Act, the Administrator is authorized to make grants to the several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of money, services, materials, and/or commodities to provide the necessities of life to persons *in need as a result of the present emergency*, and/or to their dependents, whether resident, transient, or homeless. [Italics added.]

Provision was made for investigation by the Administrator of expenditures made under the act, and he could, under the rules and regulations prescribed by the President, assume control of the administration in any State where, in his judgment, more effective and efficient cooperation between the State and the Federal authorities could thereby be secured in carrying out the purposes of the act. The governor in each State was required to make application for the funds, and the decision of the Administrator as to the purpose of any expenditure was to be final.

In the act of February 15, 1934, there was appropriated from the Treasury the sum of \$950,000,000 to provide additional funds for carrying out the purposes of the Federal Emergency Relief Act of 1933 and for continuing the civil-works program. This act also permitted the Federal Emergency Relief Administrator to make

grants for relief within the State directly to such public agency as he might designate.

In the act of June 19, 1934, \$525,000,000 was made available to meet the emergency and necessity for relief in stricken agricultural areas and to supplement appropriations theretofore made for emergency purposes and for making loans to farmers for, and/or the purchase, sale, gift, and other disposition of seed, feed, freight, summer fallowing, and other similar purposes. The legislative history indicates that the additional lending authority was for the purpose of relieving distressed conditions caused by the 1934 drought.

Those are the three acts which made available the money that is in question here. At first, as near as we can tell from the evidence we have, the money was granted to the States and the Emergency Relief Administration approved its use for direct relief. Then it occurred to them that people who were in the country or on the farms who needed relief could probably be better served if they were loaned some money in order to grow crops and things of that kind. So the Federal Relief Administrator created in each State organization a division which he called the rural rehabilitation division, and, when the Governor would apply for funds for emergency relief purposes, portions would be earmarked and allocated for rural relief purposes, they were then turned over to the rural rehabilitation division in the State relief organization, and loans were made from that money. They also attempted to buy land and things of that kind to help those people out.

It became evident that this was an awkward way to handle a program of that kind; so at the suggestion of the Federal Relief Administrator, rural rehabilitation corporations were formed. They were formed as nonprofit organizations. In every instance, I think there was some member of the State emergency relief administration represented on the board, and the Federal Administration usually had some representation on the board. The stock of those corporations was pledged with the Administrator to assure that the money would be spent for the purposes of the act, and, when they were set up in that way, money was granted to them from funds that had been granted to the States or, under the 1934 act, it could be granted by the Federal Relief Administrator directly to them.

Mr. GRANGER. Was there any obligation to put State money into it?

Mr. ROONEY. They were set up in such a way that State money could have gone in, but we have not been able to find any. In North Dakota, I believe, there may have been some money, but North Dakota has not turned over to us notes representing that money. There was a joint venture there of some kind, and the State still collects on that money and pays part to us and part to the State. That is the only instance we have been able to find.

Mr. WHITE. May I interrupt to ask the chairman if it is claimed there is any State money in the fund?

The CHAIRMAN. I am not certain whether or not any State funds were provided, but I am under the impression that in North Carolina no contribution was made to the Federal funds.

Mr. ROONEY. I would say our position does not involve the disposition of State money, other than money that came from Federal grants.

The CHAIRMAN. How much more of a statement do you have?

Mr. ROONEY. I have about seven or eight more pages, but it discusses all of the legal arguments.

Mr. ANDRESEN. When you get to the trust agreements part of your statement, suppose you do it orally, the way you have the other.

Mr. ROONEY. If you will notice, the last statute I cited was June 19, 1934, which made 1934 drought money available, and the record shows the President, by Executive order, had a right to allocate that money, and he allocated some to the Farm Credit Administration, to the Governor of the Farm Credit Administration, and various agencies, and part of it was allocated to the rural rehabilitation divisions in the State emergency relief organizations.

After the 1934 act, the next relief act was in 1935. It did not appropriate money in exactly the same manner as these other acts. There were no provisions for grants to the States, and money was made available for a number of things, including rural rehabilitation. And that appears to be the first time that term was ever used in a Federal statute. There were some informal discussions with the Comptroller General, and the relief officials were advised that a program under that statute could not be carried out by means of granting money to the States. As a result of that, the Resettlement Administration was created, and they launched into a rural rehabilitation program. Since there could be no more grants to the States or to the corporations, this trust agreement method was then worked out, and they started off with an agreement with the Resettlement Administration, in most cases, in which they turned over their assets under the trust agreement which were to be used for rural rehabilitation purposes. And if at any time the Secretary or, in the first instance, the Administrator of the Resettlement Administration could not use the assets for this purpose, the assets were to be turned back to the States. That is in the agreement.

Mr. ANDRESEN. Was all of the money turned over to the State organizations that was provided by the appropriation, or was part of it retained here as a credit to each State?

Mr. ROONEY. It was all turned over, Mr. Andresen, I am sure. I do not know of any credits that were left.

Mr. ANDRESEN. I mean we have some tabulations here showing credits to each State of the amount of these trust funds which was covered in.

Mr. ROONEY. That is right.

Mr. ANDRESEN. Is that money which shows up as a net credit in the hands of the States, or is any of the money down here in Washington set up in a trust fund to the credit of the States?

Mr. ROONEY. Those figures you have I am sure represent the net assets, and that is represented by money and notes now held by the Secretary of Agriculture; yes.

Mr. ANDRESEN. For instance, for Minnesota, it shows here cash on hand \$1,930,000. Where is that \$1,930,000?

Mr. ROONEY. It is in the Treasury of the United States, earmarked for the Minnesota trust fund.

Mr. ANDRESEN. So it is actually here in the United States Treasury?

Mr. ROONEY. That is right.

Mr. ANDRESEN. And is considered as a part of the general fund, or is it set aside?

Mr. ROONEY. It is set aside; yes.



Mr. ANDRESEN. That is just a paper transaction, is it not?

Mr. ROONEY. That is where it is deposited, as I understand it.

Mr. ANDRESEN. So the money is actually spent. Now, supposing we turn this \$1,930,000 back to the State of Minnesota so that they get this credit, will it be required on the part of the Congress to make an appropriation for it?

Mr. ROONEY. No; I do not understand that it will.

Mr. ANDRESEN. Or will it be necessary for the Government to sell more bonds to the public so that they will have the money on hand to reimburse the State of Minnesota?

Mr. ROONEY. No. All we are talking about in all of these bills, Mr. Andresen, is just the residue, the assets left from this money Congress originally appropriated. You see, it has been used as a revolving fund; loans have been made and collected and made and collected.

Mr. ANDRESEN. Then it is already set up on the books of the Treasury Department that a certain sum is due to the State of Minnesota and other States as a credit?

Mr. ROONEY. Not necessarily; it is set up as an account which is earmarked in that amount.

Mr. ANDRESEN. You do not mean the money is actually there, but they have to take the money from the general fund and put it back into this account. Do they have Government bonds to show for it?

Mr. ROONEY. No. It is mostly in the form of notes which the secretary holds, other kinds of assets, and some cash.

Mr. ANDRESEN. I was referring to the cash item here of about \$2,000,000.

Mr. ROONEY. That is right. It is in the Treasury, subject to check by the Secretary.

Mr. ANDRESEN. If that \$2,000,000 to the credit of the State of Minnesota was actually in the Treasury, it would not increase the deficit by \$2,000,000?

Mr. ROONEY. No; because that represents a revolving fund operation, and the only money the United States had in it was the original appropriation.

Mr. ANDRESEN. On the other hand, if this money is turned back into the Treasury, then that will reduce the national debt by \$2,000,000 or reduce the deficit of the Government?

Mr. ROONEY. That is right. It would be a net gain to the Government.

The CHAIRMAN. Do you want to finish your prepared statement and then be asked questions?

Mr. ROONEY. Whatever is agreeable with the chairman.

The CHAIRMAN. If you want to complete your statement, we will be patient enough to hear it through.

Mr. ROONEY. I will be glad to read it or submit it.

The CHAIRMAN. Have you not just about covered the substance of it?

Mr. ROONEY. I have, except the legal argument. I do not know whether the committee wants to hear that now.

The CHAIRMAN. That is about the most important part of this.

Mr. ROONEY. I think it is, Mr. Cooley.

The CHAIRMAN. If you want to present the legal argument in behalf of the position you have taken, of course, the committee wants to hear it.



Just let me ask you one question before you proceed with it.

There is not one word in this trust agreement about the ending of a depression or the passing of an emergency, is there?

Mr. ROONEY. That is right.

The CHAIRMAN. This agreement that I hold here in my hand, from North Carolina, provides in definite, unambiguous language just what the terms and conditions of this agreement are?

Mr. ROONEY. That is right.

The CHAIRMAN. And it provides this money shall be returned to the North Carolina corporation in 12 years?

Mr. ROONEY. That is right.

The CHAIRMAN. Now, you are trying to read something into this agreement, or you are trying to go behind the agreement and destroy its validity and to say it carries with it no moral or legal obligation. That is, in substance, the position you take.

Mr. ROONEY. Under the facts that exist today.

The CHAIRMAN. That is right. In other words, you are saying now that at the time this transaction occurred it was a legal, binding transaction.

Mr. ROONEY. That is right.

The CHAIRMAN. And this is the written monument of the agreement.

Mr. ROONEY. That is right.

The CHAIRMAN. Signed, sealed, and delivered; is that right?

Mr. ROONEY. That is right.

The CHAIRMAN. And in pursuance of this agreement, the trust funds were taken over by the Secretary, definitely earmarked, separated, segregated, and used pursuant to this agreement, and even until this very moment the funds are being kept separate and are being used under the terms of this agreement.

Mr. ROONEY. That is right.

The CHAIRMAN. Now, you think Congress ought to say, since there is no emergency, there is no depression, there is no problem on the farm, that we are going to destroy the legality of this agreement, recapture those funds, and take them away from the State. That is what it amounts to, is it not?

Mr. ROONEY. No; I do not think so, Mr. Cooley. I do not think the States or the corporations or the Secretary of Agriculture intended by that agreement to try to impress these funds with some trust or to make a binding agreement to use them for something that is not authorized by Congress. I just do not believe that. I do not think they intended, by that agreement, to attempt to do that.

The CHAIRMAN. Why should you delegate to yourself the right to say what was intended, when here is the written language? Why should you, as a lawyer in the Department, say that they did not intend to do this, when here it is?

Mr. ROONEY. There is nothing said in there that if the funds could not be used for the purpose for which Congress appropriated them, what is to become of them.

The CHAIRMAN. There is nothing in there about that?

Mr. ROONEY. No.

The CHAIRMAN. Then why should you try to read that into this agreement?

Mr. ROONEY. I think that is implicit in the matter before the committee. All we are saying is that Congress has a right today to decide what is to become of this money.

The CHAIRMAN. You think that honestly, as a lawyer?

Mr. ROONEY. Oh, yes.

The CHAIRMAN. That Congress can violate the terms of this written agreement and recapture these funds that were placed in trust with the Federal Government?

Mr. ROONEY. There is not any question in my mind about that.

The CHAIRMAN. And there is not any question in your mind that immediately you attempt to do it you would engage the Federal Government in a multiplicity of lawsuits? You know that, do you not?

Mr. ROONEY. I am not so sure about that.

The CHAIRMAN. Why are you not sure? I received a long-distance call from the Attorney General of Colorado last night. In his conversation he stated that the Legislature of Colorado had already authorized him to do whatever is necessary to see that these funds are returned to Colorado, and North Carolina has done the same thing. They are just two that I know about, and I assume all the States that are interested will, if necessary, file lawsuits.

Now, you are saying, in effect, to these lawyers on this committee and to the laymen, too, that all this is nothing but a mere scrap of paper, but you admit, under the terms of this paper, that my State corporation trusted my Government and turned over this money to the Secretary.

Mr. ROONEY. As I pointed out before at the other hearing, if you want to go through the useless process of transferring this money back to North Carolina and back to Colorado, you can do it. Then I say the minute you turn it back, Congress could then require something else to be done with it.

The CHAIRMAN. Why?

Mr. ROONEY. Because it cannot any longer be used for the purpose for which it was made available by Congress.

The CHAIRMAN. Why should you say that when, as a matter of fact, every single, solitary year from that day to this we have appropriated millions and millions of dollars for exactly the same purpose—rural rehabilitation—and today the Farmers Home Administration is carrying on a Nation-wide program trying to cope with the very condition that existed then?

Mr. ROONEY. That is quite right, Mr. Cooley.

The CHAIRMAN. Then why do you say it is useless?

Mr. ROONEY. All I am saying is if you want to make this \$50,000,000 available for rural rehabilitation, Congress can certainly make it available for rural rehabilitation.

The CHAIRMAN. We have already made it available.

Mr. ROONEY. Well, I do not find it in the statute; I do not find "rural rehabilitation" in the three statutes under which this money was made available.

The CHAIRMAN. For what was it made available?

Mr. ROONEY. I will read it to you again. It was authorized [reading]:

to make grants to the several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by un-

employment in the form of money, services, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency

and that is the point—"in need as a result of the present emergency," which was found to exist in section 1.

The CHAIRMAN. Now, we have continued to appropriate money every year to deal with this very same problem.

Mr. ROONEY. That is right.

The CHAIRMAN. And now you say the emergency is past; the depression is over. Congress has never declared that, but you are willing to declare the depression is over and the emergency is past.

Mr. ROONEY. I am simply saying facts exist which would justify Congress finding that.

The CHAIRMAN. In other words, you are saying we could pass an act of Congress declaring the depression at an end?

Mr. ROONEY. That is right.

The CHAIRMAN. But we have not done it.

Mr. ROONEY. No.

Mr. ANDRESEN. Do we have a depression now, Mr. Chairman?

The CHAIRMAN. I do not know. We have had one emergency after another since that time.

Mr. COTTON. Mr. Chairman, there is still some unemployment, is there not?

The CHAIRMAN. I assume that is true; but the fact is we have amended this bill that is now before the committee so as to turn these funds back to the State corporations to be used by the State corporations for the purposes which Congress intended they should be used, and we have placed it under the control and direction of the Secretary of Agriculture in trust in this agreement.

Mr. ROONEY. That is the very point. It seems to me from a legal standpoint the bill you propose is just as bad as turning the money back to the Treasury or doing something else, because you are imposing some new conditions that do not exist now. If you recall, Mr. Weathers stated there were still some legal questions as to the provisions of the bill.

The CHAIRMAN. But was not he willing to accept the provisions of these bills and abide by them?

Mr. ROONEY. I do not recall his testimony—whether he would bind the corporations to do that.

The CHAIRMAN. He had no authority to do that.

Mr. ROONEY. That is right; but, as a lawyer—

The CHAIRMAN. Is there any question in your mind that anyone of these corporations would refuse to comply with the conditions of this new bill?

Mr. ROONEY. I think it might depend upon what the Secretary would approve as to the purposes they could use the money for. You see, he has a veto power under the bill.

The CHAIRMAN. That is right; and he has the power to prevent duplication. Now, this agreement refers to the possibility of duplication; so we have amended the bill so as to enable the Secretary to direct the use of the funds in a manner which would prevent duplication.

Mr. ROONEY. That is the thing that was a little hard for us to understand. We think the Farmers Home Act was designed to meet



this problem. We think it is a good act, and we cannot quite see the point of launching off into another program under the plan as set up in the bill.

The CHAIRMAN. Let me ask you another question which seems to me ought to cinch this thing.

These funds were turned over to the Federal Government in trust?

Mr. ROONEY. That is right.

The CHAIRMAN. What use are you making of the funds right now?

Mr. ROONEY. We are making use of them under the authority in the Farmers Home Act, in section 2 (c).

The CHAIRMAN. Are you doing it in violation of this agreement?

Mr. ROONEY. We are doing it under the mandate from Congress.

The CHAIRMAN. Oh, no; Congress has not given you any mandate over these funds.

Mr. ROONEY. Oh, yes.

The CHAIRMAN. No. This [indicating] is the mandate over the funds; this written document here.

Mr. ROONEY. Those funds have been used by the Secretary under the Appropriation Acts since 1943.

The CHAIRMAN. And they are being used by Mr. Dillard Lasseter in connection with his rural rehabilitation program right now.

Mr. ROONEY. He does not have a rural rehabilitation program.

The CHAIRMAN. Who does?

Mr. ROONEY. No one that I know of.

The CHAIRMAN. What do you think the Farmers Home Administration is set up to do?

Mr. ROONEY. It was not rural rehabilitation; it was to make production and subsistence loans and farm ownership loans. You cannot find "rural rehabilitation" in the Farmers Home Act, except in connection with liquidation.

The CHAIRMAN. Well, it was put in the Appropriation Act time and time again.

Mr. ROONEY. That is right.

The CHAIRMAN. For rural rehabilitation purposes.

Mr. ROONEY. That is right.

The CHAIRMAN. And that was abused and misused.

Mr. ROONEY. That is right.

The CHAIRMAN. And then we struck it out of the Farmers Home Act, and you are just making rural rehabilitation loans now to low-income farmers who cannot obtain credit anywhere else on earth.

Mr. ROONEY. I think it is a fine program.

The CHAIRMAN. And you are using these funds for that very purpose.

Mr. ROONEY. But, to go back to the appropriations, as late as 1946, we were appropriating money for loans and grants for rural rehabilitation, but I do not consider Congress was making appropriations in 1946 to fight the depression of the 1930's, and that is certainly what we were doing in the three acts of 1933 and 1934. It was a separate and distinct kind of program.

The CHAIRMAN. I do not see how you, as a lawyer, could possibly have so little regard for solemn agreements such as we have in this case and be so willing to disregard the written language of these agreements and try to read into them something that was never intended.



Mr. ROONEY. If you want to follow that agreement to the letter, I say turn the money back to the States; turn it back today.

The CHAIRMAN. That is what we are going to do as far as I am concerned.

Mr. ROONEY. And I say the minute you do that, Congress still has a right to make some other disposition of this money. It does not make any difference whether the Secretary has it or the corporation has it or the Governor of some State has it——

The CHAIRMAN. Well, I will be willing to meet that whenever the time comes.

Are there any questions?

Mr. O'SULLIVAN. As I get your statement, Mr. Witness, it is your contention that this money cannot be disposed of in the manner contemplated by the bill.

Mr. ROONEY. Oh, no, no. I say Congress has a right to do anything they want to with it.

Mr. O'SULLIVAN. Then, as far as this bill is concerned, it would have to be acted upon by the Congress, and they could make disposition of these funds in any way they saw fit?

Mr. ROONEY. That is right, but this bill would be new authority. We say Congress has that right. It is the Department's desire simply that the committee and the Congress approach this problem objectively, and not be bound to do any particular thing with it. That is all we are saying. And we have an adverse report to make on the policy of using the funds as proposed by this bill. That is all.

Mr. O'SULLIVAN. You do not yet make it clear to me. If Congress had the right to do anything it saw fit with the funds, why do you say this bill is improper?

Mr. ROONEY. That is a matter of policy, and it is in the Secretary's report. Briefly, Mr. O'Sullivan, it is this: first, that it creates a duplication between the program the Federal Government has now, under the Farmers Home Administration, which is making loans to low-income farmers. They have an organization in every State in the Union and have a county organization, and this would create a competing organization with Federal money, without any contribution from the States, in the various States. That is the principal objection we have. The provisions of this bill give the Secretary a veto power over what use will be made of it—we grant that—but it is hard for us to see why Congress would want the Secretary to permit the States to do something that Congress does not permit him to do in the same type of program.

Mr. O'SULLIVAN. In other words, your objection is this, that this bill is all right but the policy is wrong?

Mr. ROONEY. That is right. The law does not require Congress to pass this particular bill; it is under no obligation to do it.

Mr. O'SULLIVAN. The Congress of the United States can impair the obligation of any contract it wants to, can it not; there is no inhibition in the Constitution against the United States Government impairing the obligation of a contract, but there is an inhibition against the States?

Mr. ROONEY. That is right.

Mr. O'SULLIVAN. So that the United States Government could take the contract and tear it up?

Mr. ROONEY. Well, I would not want to ask the committee to do that.

Mr. O'SULLIVAN. But the United States Government can impair any contract it wants to, and the only inhibition in the Constitution is that no State shall impair the obligation of a contract?

Mr. ROONEY. That is right.

The CHAIRMAN. Has the gentleman, Mr. O'Sullivan, read this trust agreement?

Mr. O'SULLIVAN. Well, there is case after case which says the United States can impair the obligation of a contract but that no State may impair the obligation of a contract.

The CHAIRMAN. So that you think the United States Government can take the funds away from a private corporation, without due process of law, merely by act of Congress?

Mr. O'SULLIVAN. That comes under another provision which reads that they cannot in any way do anything which affects life, liberty, or property, but that is not the impairing of a contract at all.

Mr. ROONEY. I might say about that that any contract entered into by the States and the Secretary, as these contracts were, is, of course, subject to the law, subject to the provisions of the statute. That is our main point, that the States and the Secretary could not create any new rights with respect to these funds that were in conflict with the provisions of the statutes.

Mr. O'SULLIVAN. In other words, when this contract was entered into it is your contention that it provided for a disposition of the funds in a way not contemplated by the law?

Mr. ROONEY. No, Mr. O'Sullivan, at the time they were entered into in 1935 and 1936 the funds could be used properly then and were used properly.

Mr. O'SULLIVAN. Was the contract, in your opinion, legal at the time it was entered into?

Mr. ROONEY. Yes.

Mr. WHITE. Pardon me. I thought the gentleman said the contract was not legal because the Secretary did not have the authority to enter into it?

Mr. ROONEY. No; what I said was that he did not have authority to change the purposes that Congress appropriated money for.

Mr. GRANT. Will the gentleman yield?

As I understand it, your argument is that the contract itself has served the purpose for which it was created?

Mr. ROONEY. That is right.

Mr. GRANT. I think the best evidence of that is that there are very few States in the Union that have continued to function. Do you recall any of the States that are continuing to function?

Mr. ROONEY. I believe North Carolina and North Dakota are.

The CHAIRMAN. The reason they are not functioning is that they have turned over the assets to the trustee.

Mr. ROONEY. That is right.

The CHAIRMAN. What are you going to do with the language in this agreement?

If neither of the contingencies provided in sections 1 and 2 shall earlier occur, then this agreement shall in any event terminate at the end of 12 years from this date.

Sec. 4. Upon the termination of this agreement in any of the manners hereinbefore set forth, the property remaining of the transfer, together with the remaining proceeds, shall after the liquidation of any claims then existing against such assets be retransferred to the corporation, if the same be in existence, or if the corpora-

tion be not in existence, then to the general fund of the State treasury of North Carolina.

What was meant by that?

Mr. ROONEY. It meant that if the depression was still on and Congress decided they did not want the Secretary to continue with the trust agreement the assets would be turned back to North Carolina and the parties would be just exactly where they were before the agreement was entered into.

The CHAIRMAN. It does not say that. The depression or the passing of the emergency was not made one of the contingencies.

Mr. ROONEY. Oh, no.

The CHAIRMAN. What right have we to read that into this contract?

Mr. ROONEY. It is implicit in the contract.

The CHAIRMAN. What do you mean, implicit in the contract? It is not even mentioned, directly or indirectly.

Mr. ROONEY. On the very day that the funds were appropriated, they were impressed with a trust to be used for what the Congress said they could be used for, not what the State of North Carolina said they would be used for.

The CHAIRMAN. At the time the Secretary took these funds over under this agreement, did he and the Federal Government not recognize the fact that the funds belonged to the corporation?

Mr. ROONEY. At that time, yes.

The CHAIRMAN. Are they not estopped now, under any principles of law, from coming in and saying "We hoodwinked you and led you into this agreement, assuming at the time that the money belonged to you, assuming we had no right of control over it except the rights conferred by the agreement. Now we are going to set it all aside and say that we were just engaged in child's play, that we knew all the time we could recapture these funds any time we wanted to."

Mr. ROONEY. I do not think it was any child's play when the States received this money under a solemn grant from Congress to relieve the depression. I do not think it was any child's play that they could use the money for anything they wanted to after that time. That theory has been advocated in the courts and has been rejected.

The CHAIRMAN. What was meant here when it was said it could be turned back to the general funds of North Carolina?

Mr. ROONEY. That is right, but the funds would still be subject to the jurisdiction of Congress.

Mr. ANDRESEN. Will the gentleman yield?

The CHAIRMAN. Yes.

Mr. ANDRESEN. When the Secretary of Agriculture, Mr. Wallace, signed that, do you think that the Secretary of Agriculture had the authority to enter into an agreement of that kind, turning the money back to the treasury of any State?

Mr. ROONEY. Yes, I do.

Mr. ANDRESEN. Was there any legal ground for it?

Mr. ROONEY. Congress had turned it over to the States, Mr. Andresen, and I think what he did was all right.

Mr. ANDRESEN. For a certain purpose. But when it comes down to a trust agreement of this kind where the Secretary of Agriculture took it upon himself to enter into a trust to return it to the treasury of the State without any direction as to how the money should be spent, I claim that he exceeded his authority.



Mr. ROONEY. Exactly. That is my point.

The CHAIRMAN. Let us see whether he did or not. This thing says that the United States of America—

acting by and through the Secretary of Agriculture, hereinafter called the Secretary, pursuant to Executive Order No. 7530, dated December 31, 1936, as amended by Executive Order No. 7557, dated February 19, 1937—

and so forth. You say that the Secretary had no authority by virtue of those two Executive orders?

Mr. ROONEY. As you know, the consent of the Comptroller General had been obtained to use administrative money in connection with these rural rehabilitation trusts. The Comptroller said that was all right. So the Secretary entered into an arrangement to amalgamate these two programs. But he had no authority and did not intend to, in my opinion, preclude Congress or so bind the United States Government that after the purposes for which these funds were to be used were exhausted, to deprive the Congress from making some other disposition.

The CHAIRMAN. Have you read these Executive orders?

Mr. ROONEY. Yes, I have, but I do not recall which ones they are. I think that one created the Resettlement Administration.

The CHAIRMAN. But the Secretary was acting pursuant to those Executive orders. Do you say he had no right to execute this agreement?

Mr. ROONEY. He had a right to execute it, but he did not have any right to impress any new trust on those funds.

The CHAIRMAN. Nobody is contending that he has ever attempted to impress them with any new trust.

Mr. ROONEY. That is the whole point. Let me make myself clear. The Department does not want to deprive any State of any money that they can use now for any purpose that Congress appropriated it for.

The CHAIRMAN. That is very generous of the Department. The Department does not want that to happen, but the Department is perfectly willing to sit by and see Congress violate these written agreements and you want us to let you say that the depression is past and the emergency is over and the funds shall no longer be used for any purpose but they shall be put back in the Treasury of the United States.

Mr. ROONEY. Mr. Cooley, when the money went to the State the Governor signed an agreement that the money would be used for the purposes for which it was appropriated. I think that is the fundamental agreement that should not be violated.

The CHAIRMAN. Why not give the money back to them and then see whether or not they violated it.

Mr. Cotton.

Mr. COTTON. Mr. Chairman, I wanted to ask the witness a question or two. This money was administered by the corporation within the State and it was a revolving fund. If the money was carefully administered, a great portion of it came back.

In the agreement with my State I find a section which says "The limitations herein set forth with respect to the assets transferred by this agreement or otherwise shall be equally applicable to any or all proceeds resulting from the loan, lease, sale, or other disposition of



said assets, it being the intention of Congress that the properties transferred, together with their proceeds, shall constitute a revolving fund for continued use in the State of New Hampshire for rehabilitation purposes."

Now, if this money is retained by the Federal Government and goes into the general funds of the Treasury to reduce our deficit or for any other purpose, it is being taken from the State. The State is being deprived of the opportunity to continue to use those funds, part of which may well be there, because of careful businesslike, frugal methods that the State exercised. Is that not correct?

MR. ROONEY. No. The money was never made available by Congress for rural rehabilitation.

MR. COTTON. What was it made available for?

MR. ROONEY. For relief made necessary by the depression Congress found to exist. When Congress was appropriating money from 1943 to 1946, it was in furtherance of a broad social program and it was not based on relieving any suffering caused by the 1933 depression.

Now, it is true that while you have a depression, rural rehabilitation and rural relief can be one and the same thing. But once the depression is over rural rehabilitation is something else. It is like the old statement in logic. Just because all A's are B's does not mean that all B's are A's.

MR. COTTON. That sounds pretty good, but in my State we have at the present time conditions that at least bear a certain resemblance to the conditions that prevailed when the agreement was made. They are not as acute, but we certainly have a mounting unemployment.

The thing that I do not like is this: Suppose my State exercised the use of these funds with great care and with businesslike methods and happens to have a surplus. Suppose some other State used up its surplus. When this is over it all comes back into the pot and that sets a very good example and holds out a very good object lesson for the future for these State agencies. They will say, "Let us use up all they give us. If we are careful of ours and somebody else is improvident with the use of theirs, we will suffer for it."

In my State we are not asking for this money to come back for the general relief of the State treasury. The State legislature has considered this matter and passed a resolution that they want the remainder that was in this trust agreement for the use for exactly the purpose for which it was designed. Would you say that if we were going to take this money and continue to use it within the State for the purposes for which it was designed that would be all right?

MR. ROONEY. Certainly. But I say that Congress, certainly under the facts, can find that it is a different program. This relief program in 1933 and 1934, Mr. Cotton, was a different program from our present program.

I might say also that I think your argument is splendid except that the State corporations have only managed this money from 6 months to 18 months. In all cases it has been in the hands of the Federal Government most of the time.

MR. COTTON. You do not think there was much opportunity to show careful management?

MR. ROONEY. Well, I think probably there was.

Mr. COTTON. The agreement is there and you would agree that if the State desires to use this money for the purpose for which it was designed that they have a moral right to do so.

Mr. ROONEY. I certainly do.

The CHAIRMAN. Mr. Rooney, what are you going to do with the \$350,000 we still have in North Carolina in our corporation and are still using? Are you going to recapture that too?

Mr. ROONEY. I think Congress has a right to recapture it, yes, Mr. Cooley, but that never has come under the jurisdiction of the Department of Agriculture.

The CHAIRMAN. It is exactly the same situation. You think Congress has the right to pass an act directing a State corporation to turn over all of its assets to the Federal Government.

Mr. ROONEY. I certainly do.

The CHAIRMAN. As far as I am concerned, I do not want to ask anything else. I am through. Is there anyone else?

Mr. O'SULLIVAN. Let me just ask another question. A moment ago you answered that this contract was not illegal between the States and the Secretary of Agriculture.

Mr. ROONEY. That is right.

Mr. O'SULLIVAN. I thought I understood you to say to Mr. Andresen that it was beyond the scope of the authority of the Secretary and that necessarily would make it illegal.

Mr. ROONEY. Mr. O'Sullivan, if it attempted to preclude Congress from making some other disposition of the money when it could not be used for the purposes for which it was granted, to that extent, yes. But as long as it could be used by the States under the statute, then I do not think the contract between the State and the Secretary to use the money for those purposes was illegal.

Mr. O'SULLIVAN. How much is the total amount of money now remaining?

Mr. ROONEY. In the neighborhood of \$50,000,000.

Mr. O'SULLIVAN. Do you have a chart showing the amount of money in each State?

Mr. ROONEY. Yes, I have, Mr. O'Sullivan. I also have a chart showing how the F. O. money this year and the subsistence money was allocated to the States. We think that under this bill there is an unfair distribution among the States to meet the problem existing today.

The CHAIRMAN. Why should you have an opinion about that?

Mr. ROONEY. Just because I am a citizen, Mr. Cooley.

The CHAIRMAN. Because you are trying to justify your position?

Mr. ROONEY. No, I think it is a matter that ought to be brought to the attention of the committee.

The CHAIRMAN. I realize that North Carolina probably would not get as much if this agreement is complied with as they would in the ordinary manner of allocating funds.

Mr. ROONEY. That is right.

The CHAIRMAN. But do you think a consideration of that kind is appropriate when we are considering the legal rights the contract embodies?

Mr. ROONEY. I certainly do. I think if North Carolina gets more money under present allocations, Mr. Cooley, it will be because she

has either the largest number of farmers or the second largest number of farmers of any State in the Union. I think North Carolina ought to get her share.

The CHAIRMAN. So you want to sit in judgment upon the distribution and division of these funds that were allotted years ago? You say Congress was all wrong in what they did then.

Mr. ROONEY. Because they were made at that time to relieve the results of a depression and there is a different situation today and a different problem being met.

The CHAIRMAN. You say that as a lawyer in the Department? What do you know about it? Where have you been? You have not been in Mr. Cotton's district. You heard what he said a minute ago, that the situation was comparable in a degree to what it was at that time. Yet you sit here and say that is all out, everybody is happy on the farm and there is no depression and no unemployment and no problem.

Mr. ROONEY. No, Mr. Cooley, there was a problem before the depression and there was a problem after the depression, but there was a peculiar and acute problem during the depression.

The CHAIRMAN. When was the depression over?

Mr. ROONEY. I would say about 1942.

The CHAIRMAN. Why do you give that date?

Mr. ROONEY. That was when WPA was abolished.

The CHAIRMAN. And you think that is a sign the depression was over?

Mr. ROONEY. The Federal Government ceased at that time making any provision for direct relief.

The CHAIRMAN. This agreement was made in 1938.

Mr. ROONEY. Yes. I think it was still on then.

The CHAIRMAN. What is your final conclusion here? Do you say this contract is legal or illegal?

Mr. ROONEY. It depends on what you think it means, the interpretation you put on it.

The CHAIRMAN. I am asking you just what you think. As a lawyer, is it a legal instrument or is it an illegal instrument?

Mr. ROONEY. It is a legal instrument.

The CHAIRMAN. And binding upon the contracting parties, is it not?

Mr. ROONEY. Yes; but it is not binding upon the United States Government in violation of the statutes that that money was made available under.

The CHAIRMAN. Does it violate the statutes under which it was made available?

Mr. ROONEY. I do not think it did.

The CHAIRMAN. All right, then it is legal and it is binding and it should be enforced?

Mr. ROONEY. That is right.

The CHAIRMAN. Mr. White.

Mr. WHITE. Mr. Chairman, I was going to ask if this would not be a possible solution to this matter: Instead of the bills as they are drawn here, would it not be better and more equitable to provide for an extension of these contracts, say for another 12 years, if it is claimed that the condition still exists today?

The CHAIRMAN. How can you bind the Congress to extend this 6 to 12 years, which is a definite fixed date, regardless of all contingencies?



Mr. WHITE. I realize that, but I am speaking now about an authority. Let Congress give the authority for the Secretary to enter into an extension of the contract.

Mr. GRANT. You mean extend the depression for 12 more years?

Mr. WHITE. It does not say a depression. I mean extend the authority for these contracts to be effective for another 12 years.

Mr. HOEVEN. Will the gentleman yield?

Mr. WHITE. I will yield.

Mr. HOEVEN. The Iowa contract was entered into December 31, 1935, and under its terms it expired in 1947. How could we authorize a continuation of a contract which has already expired?

Mr. WHITE. The reenactment of the contract, then.

Mr. HOEVEN. If you are talking about a new contract, then we have to find that there is a continuing depression.

The CHAIRMAN. According to the witness.

Mr. COTTON. And the States must sign the contract.

Mr. WHITE. We do not have to say that there is a depression in order to authorize these contracts to be reenacted. That is just a suggestion I make. If it does not fit in, it is all right with me.

Mr. HOEVEN. Do you think that the Government should carry out its contractual obligations?

Mr. ROONEY. I do not think it is necessary or even wise to go through with a useless and expensive procedure.

Mr. HOEVEN. I am asking you this: Do you think the Government should carry out its contractual obligations?

Mr. ROONEY. Oh, yes; I do. By the same token, I think the Government ought to enforce the contracts that other people make with it.

Mr. HOEVEN. What do you think about article VIII of the trust agreement entered into by the State of Iowa on December 31, 1935, which provides as follows:

Article VIII, Section 1, Termination. In the event that the authority of the Administrator or his successor (as provided in Article IX, Section 1 hereof) shall cease, this agreement shall be forthwith terminated, and the property remaining of that hereby transferred, together with the remaining proceeds, after the liquidation of any claims then existing against such assets, shall be retransferred to the corporation or to such other corporation, person, or agency as shall be prescribed by the legislature of the State of Iowa.

I made inquiry of the Governor of Iowa and he advises me that under authority of an act of the legislature the State department of social welfare is authorized to accept these funds and use them for the purposes for which they were originally intended. Is there any reason then under such circumstances why this amount of money, the \$1,253,932, should not remain to the credit of the State of Iowa for use under the department of social welfare?

Mr. ROONEY. None at all. You could turn it back. But the minute it got back there it seems to me that the Department of Social Welfare of the State of Iowa would have to then look at the agreement the Governor of Iowa signed when he got this money. He agreed that it would be used for the purposes of a particular act.

The CHAIRMAN. That is what the Governor's message to the Congressman said. It would be used for the purposes for which it was originally intended.

Mr. ROONEY. That is right.

Mr. HOEVEN. Of course, the Governor of Iowa did not sign the Iowa agreement.



Mr. ROONEY. I am talking about the agreement he signed when he got the money from the Federal Treasury. That is where this all came from. That is the whole point. That is the contract I am talking about that overrides everything.

Mr. HOEVEN. I contend that under the agreement with the State of Iowa there is a contractual obligation on the part of the Federal Government to return these funds to the State of Iowa, and there is no question about it.

Mr. ROONEY. Do you not agree at the same time that they are to be used for what they were appropriated for?

Mr. HOEVEN. I think that is correct.

Mr. COTTON. May I ask one more question, Mr. Chairman?

The CHAIRMAN. Yes, sir.

Mr. COTTON. If the bill in its final form as presented to the House clearly provided that this money should be returned to the States provided the States indicated by proper action, such as Iowa has, that the money would be used by the States for the purposes originally intended, in that case would the Department have any objection to this legislation?

Mr. ROONEY. Yes.

Mr. COTTON. Why?

Mr. ROONEY. Because we think as a matter of fact that they cannot use it for that purpose and, therefore, we would say there is no use of freezing the money there just as a matter of policy.

Mr. COTTON. You mean you think the facts are that this money cannot be used in 1949, 1950, or 1951 for the purposes that Congress had in mind in 1938?

Mr. ROONEY. In 1933 and 1934, that is right. That is it in a nutshell.

Mr. COTTON. All suffering and unemployment and the conditions that contributed to the conditions at that time have disappeared from the world?

Mr. ROONEY. That particular emergency that Congress defined in section 1 of the act. We have people who suffered in 1929 and we are having suffering today. But it was not a problem that Congress was attacking in the 1933 and 1934 acts.

Mr. COTTON. You had a cessation of certain conditions probably due to the war, so that for the time being we did not have to worry about these conditions. But here you have a revolving fund that was created and we have entered into an agreement which you have said was legal. It provided that the money should be returned to the States, to such agencies or such persons or corporation as the States designated to receive it; and, if the States are ready to receive it and use it for the general purposes for which it was designed, do you still say that the Department objects to that? Do you say the Department objects to that because this is not the depression of 1933?

Mr. ROONEY. That is not our position. We were asked to report on this bill as a matter of policy, Mr. Cotton. I do not believe that you or anyone else would pass an act today finding that an emergency exists because of a depression and make Federal money available to help the States on relief problems today. That is the kind of act this was.

Mr. COTTON. Then Mr. Rexford Guy Tugwell, who signed this agreement, or Henry Wallace, or Mr. Wickard, when they signed these

agreements which clearly stated that this would be done, were certainly doing a wrong act and deceiving the States.

Mr. ROONEY. No; why? That had nothing to do with it. Suppose 90 days after they signed this agreement Congress had said, "We do not want the Secretary of Agriculture in this trust agreement" and passed a law ordering him to liquidate the trust, just like was done in 1946. There would be no problem. If he had turned it back in 1935 and the States had continued to use it as it has been used now and you had this money on hand today, then I would say Congress could recapture that money.

Mr. COTTON. And, if they can, you think it is perfectly honest and fair and above board dealing by the Congress with the States and the people of this Union to go ahead and recapture it?

Mr. ROONEY. Absolutely.

The CHAIRMAN. That is all unless there are further questions. We thank you, Mr. Rooney.

Mr. ROONEY. Might I insert in the record my further statement?

The CHAIRMAN. Yes. Without objection, you may insert your statement in the record.

(Further statement of Mr. Rooney is as follows:)

STATEMENT OF HOWARD ROONEY, ASSOCIATE SOLICITOR, OFFICE OF THE SOLICITOR  
DEPARTMENT OF AGRICULTURE

The Report of the Department on H. R. 2392 was based on the premise that at this time there is no legal or moral obligation imposed on Congress that would require the return of the assets covered by the transfer agreements to the States or corporations for use in a rural rehabilitation program. The Secretary was so advised by the Solicitor's Office of the Department and as a representative of that Office my testimony will be for the purpose of acquainting the committee with the reasons for reaching the foregoing conclusion.

A legal conclusion must always be tested in relation to the facts upon which it is predicated. It is agreed that the assets in question were derived from funds made available under the terms of the Federal Emergency Relief Act of 1933 (48 Stat. 55); the act of February 15, 1934 (48 Stat. 351); and the act of June 19, 1934 (48 Stat. 1055). Section 1 of the Federal Emergency Relief Act of 1933 contains the following language:

"That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increased inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it more imperative that the Federal Government cooperate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people."

The act created the Federal Emergency Relief Administration, with a Federal Emergency Relief Administrator at its head. Funds of the Reconstruction Finance Corporation in the amount of \$500,000,000 were made available for the purposes of the act, which were set out in section 4 (a) as follows:

"Out of funds of the Reconstruction Finance Corporation made available by this Act, the Administrator is authorized to make grants to the several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of money, services, materials, and/or commodities to provide the necessities of life to persons *in need as a result of the present emergency*, and/or to their dependents, whether resident, transient, or homeless." [Italics added.]

Provision was made for investigation by the Administrator of expenditures made under the act, and he could under the rules and regulations prescribed by the President assume control of the administration in any State where, in his judgment, more effective and efficient cooperation between the State and the Federal authorities could thereby be secured in carrying out the purposes of the act. The Governor in each State was required to make application for the funds and the decision of the Administrator as to the purpose of any expenditure was to be final.

In the act of February 15, 1934, there was appropriated from the Treasury the sum of \$950,000,000 to provide additional funds for carrying out the purposes of the Federal Emergency Relief Act of 1933 and for continuing the Civil Works program. This act also permitted the Federal Emergency Relief Administrator to make grants for relief within a State directly to such public agency as he might designate.

In the act of June 19, 1934, \$525,000,000 was made available to meet the emergency and necessity for relief in stricken agricultural areas and to supplement appropriations theretofore made for emergency purposes and for making loans to farmers for, and/or the purchase, sale, gift, and other disposition of, seed, feed, freight, summer fallowing, and other similar purposes. The legislative history indicates that the additional lending authority was for the purpose of relieving distressed conditions caused by the 1934 drought.

The plain terms of these statutes reveal a congressional intent that funds granted thereunder were for the purpose of relieving distress attributable to the emergencies caused by the depression of the 1930's and the 1934 drought. We doubt if anyone will seriously deny that these emergencies are now nonexistent. This fact leads to the conclusion that the funds in question can no longer be used for their original purpose. In this connection, it is significant that the Works Progress Administration was ordered liquidated on December 4, 1942, and on July 12, 1943, in the Department of Agriculture Appropriation Act, 1944 (57 Stat. 392), the Secretary was authorized to use funds administered pursuant to transfer agreements for the same purpose that funds were appropriated under the caption "Loans, grants, and rural rehabilitation." This authority was continued in the appropriation acts for the Department for 1945, 1946, and 1947. Moreover, section 2 (c) of the Farmers Home Administration Act of 1946, approved August 14, 1946, provided that funds made available in the Department of Agriculture Appropriation Act, 1947, were made available for the making and servicing of loans under the Farmers Home Administration Act. Thus, after ordering liquidation of the agency established to administer direct Federal relief during the depression, Congress without undue delay provided new authority for the administration of the funds transferred to the Secretary.

On the basis of the foregoing facts it is our position that the fundamental legal question to be determined by the committee is the extent of the authority of the Congress over the residue of funds granted to a State for a particular purpose when that purpose can no longer be effectuated.

Our answer to the question is that in such a case the authorities clearly uphold the right of Congress to revest the funds in the Federal Government and to order any disposition thereof consonant with the plenary power of Congress over the property of the United States. Thus in *Ashburner v. California* (103 U. S. 575), in construing the act of June 30, 1864 (13 Stat. 325), in which the United States granted the Yosemite Valley to the State of California to be held for public use, resort, and recreation (but without a reverter clause) the Court said:

"It [the land] must be kept for the use to which it was by the terms of the grant appropriated. If it should be in any respect diverted from this use, the United States may be called on to determine whether proceedings may be instituted in some appropriate form to enforce the performance of the conditions contained in the Act of Congress or vacate the grant. So long as the State keeps the property it must abide by the stipulation upon which the transfer of title was made."

And directly in point is the later case of *United States v. Michigan* (190 U. S. 379). In that case Congress had granted to the State of Michigan 750,000 acres of public land for the purpose of aiding the State in constructing and maintaining the St. Mary's River Canal. The act contained no reverter clause except with respect to failure to begin or complete the canal within the specified time, a condition which was complied with by the State and not involved in the case. The act provided for rendering an accounting to the Government of the proceeds of the sale of the land and the cost of building and operating the canal. There was no express provision, however, requiring any surplus to be paid over to the United States. The action was instituted on behalf of the United States by Attorney General Knox to recover a surplus of about \$68,000. The case was decided in the favor of the United States, and in the opinion at page 400 the Court said:

"If there were funds arising from the sale of the lands over and above the cost of construction and other expenses of the canal, it could not within reason (after a perusal of these two statutes, with the provisions for accounting for sales and net proceeds of lands, and the other provisions of the statutes already mentioned) be supposed the parties understood that Michigan was to have for its own treasury the balance arising beyond such cost, maintenance, etc., of the canal."



Legislative grants must be interpreted, if practicable, so as to effect the intention of the grantor; but if the words are ambiguous the true rule is to construe them strongly against the grantee. *Rice v. Railroad Co.* (66 U. S. 358). In the light of this rule of law, we do not believe it is possible to construe the language of the granting statutes under consideration as evidencing an intent that it was the will of Congress for the States to keep for their own benefit any funds left over after the emergencies were met. This was the view of the State of Arkansas in *Wiseman v. Dyess* (72 S. W. 2d. 517), where in the course of its opinion the Court said:

"The Act of Congress [Federal Emergency Relief Act of 1933] under which the apportionments are granted requires this [reports to Administrator] and negates that an absolute grant or gift had been made to the State. If by any possibility any of the funds thus apportioned were not required, the unexpended balance would revert not to the State but to the Federal Government."

This opinion has been criticized because it was contended that it was based on an erroneous stipulation of facts. However, when this matter was brought to the attention of the Court on rehearing (76 S. W. 2d. 979), the Court said:

"It is unnecessary to decide the technical question of whether Dyess, the appellant herein, is acting for the State or whether the money with which he carries on the relief work technically belongs to the State. It is certain, however, this money is not administered or used through any of the regular channels of the State government.

"The money is allotted for the relief work in Arkansas and it is used for that purpose. It is a part of the plan and program of the Federal Emergency Relief Administration. Its ultimate aim is to relieve from the distress and burdens of unemployment as an aid to the restoration of more nearly normal conditions. These funds appropriated by the National Government for such beneficent purposes should not be diverted."

It was contended in the recent hearings on this bill that the cases of *United States v. Louisiana* (127 U. S. 182 (1882)) *Cooper v. Roberts* (18 How. 173 (1855)); *King County, Washington v. Seattle School District No. 1* (263 U. S. 361 (1923)), and *Alabama v. Schmidt* (232 U. S. 168 (1914)) require a holding that the grants in question were so absolute that there was no legal power remaining in Congress to question compliance by the States. In other words, that with respect to the United States any obligation assumed by the States as a result of the grants was purely honorary. The cases do not so hold. *Cooper v. Roberts* was a case in ejectment. One party claimed title from the State of Michigan which in turn had obtained the land from the United States through a grant for school purposes. The other party claimed under a license granted under the Federal mining laws. In the course of its opinion the Court said:

"In the present instance the grant is to the State directly, without limitation of its power, though there is a sacred obligation imposed on its public faith. We think it was competent to Michigan to sell the school reservation without consent of Congress."

This case is authority for two things: (1) an individual cannot question compliance of a State with a Federal grant, and (2) under the school land-grant acts it is proper for the States to sell the land. There was no intimation in the case that the State had diverted the proceeds from school use nor was there any discussion of the rights of the United States if the proceeds had been so diverted.

*Alabama v. Schmidt* also involved school land Schmidt claimed by adverse possession under the laws of Alabama. Alabama defended on the theory that the statute of limitations did not apply, apparently for the reason that if Schmidt recovered the land it would be diverted from school purposes. In the opinion the Court said:

"The gift to the State is absolute, although no doubt, as said in *Cooper v. Roberts*, there is a sacred obligation imposed on its public faith. But that obligation is honorary like the one discussed in *Conley v. Ballinger* (216 U. S. 84), and even in honor would not be broken by a sale and substitution of a fund, as in that case; a course we believe that has not been uncommon among the States."

Here the State having the right to sell under the decision of *Cooper v. Roberts* was not permitted to enjoy this privilege without assuming the corresponding disadvantages. The Court clearly indicates that if the State would place the value of the land in the school fund, there would be no breach of the grant and, as in *Cooper v. Roberts*, the rights of the United States in the event of breach are not discussed. *Conley v. Ballinger*, cited in the opinion, held that an individual member of a tribe of Indians could not enjoin the removal of bodies of relatives buried in a cemetery which was reserved in a quitclaim deed executed by the tribe to the



United States pursuant to a treaty. It was said the United States had legislative power over the cemetery before the deed and because of the unusual power resting in the United States with respect to Indian tribes the fulfillment of the treaty rested on the good faith of the United States and could not be questioned by a member of the tribe. The Court further found that the provisions of an act of Congress making the proceeds of the sale of the cemetery available to the tribe was not a breach of that faith.

The pertinent part of the opinion in *United States v. Louisiana* is as follows:

"Under the act of 1850 the swamplands are to be conveyed to the State as an absolute gift, with discretion that these proceeds shall be applied exclusively, as far as necessary, to the purpose of reclaiming the lands. The judgment of the State as to the necessity is paramount and any application of the proceeds by the State to any other objective is to be taken as the declaration of its judgment that the application of the proceeds to the reclamation of the lands is not necessary. By the second section of the act of 1855 it is provided that the purchase money received by the United States for the swampland sold by them shall be paid over to the State. There is nothing in these provisions of the character of a property trust and nothing to prevent the application by the State of the swampland fund to the general purposes. If the power exists anywhere to enforce any provision of the grant, it resides in Congress and not in the Court."

The distinction between the grant in this case and in the grants under discussion is obvious, since there is no language in the grants now under consideration which would permit the States to use only so much of the funds granted for relief as they found necessary.

The King County case required a construction of the act of May 23, 1908 (35 Stat. 260) which directed that 25 percent of all money received from each forest reserve during any fiscal year should be paid at the end thereof by the Secretary of the Treasury to the State in which the reserve was situated "to be expended as the State \* \* \* legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the forest reserve is situated." The plaintiff school district contended that the receipts should be divided equally for school and road purposes. In the course of the opinion the Court said:

"When turned over to the State, the money belongs to it absolutely. There is no limitation upon the power of the legislature to prescribe how the expenditures shall be made for the purposes stated, though by the act of Congress, 'there is a sacred obligation imposed on its public faith' (*Cooper v. Roberts*, 18 How. 173, 182; *Alabama v. Schmidt*, 232 U. S. 168, 173; *Mills County v. Railroad Companies*, 107 U. S. 557, 566; *Hagar v. Reclamation District*, 111 U. S. 701, 713). No trust for the benefit of appellee is created by the grant. But, assuming the moneys paid over to the State are charged with a trust that there shall be expended annually one-half for schools and one-half for roads, the appellee has no right to enforce the trust. Congress alone can inquire into the manner of its execution by the State (*United States v. Louisiana*, 127 U. S. 182, 185-192; *Mills County v. Railroad Companies*, supra; *Emigrant Co. v. County of Adams*, 100 U. S. 61, 69; *Barrett v. Brooks*, 21 Ia. 144, 148. See also *Stearns v. Minnesota*, 179 U. S. 223, 231). The act does not direct any division of the money between schools and roads. Its language above quoted indicates an intention on the part of Congress that the State in its discretion may prescribe by legislation how the money is to be expended. No distribution to the appellee or any other school district is required. The public schools and public roads are provided and maintained by the State or its subdivisions, and the money granted by the United States are assets in the hands of the State to be used for the specified purposes as it deems best."

In none of these cases was it found that a State was violating the terms of the grant under consideration, but in both *United States v. Louisiana* and the King County case the Court clearly indicates that Congress would not be powerless in the event of a breach. In *Langer v. United States* (76 Fed. 2d. 817, 824), all of the foregoing cases were cited by the defendant in support of the contention that money granted to a State under the Federal Emergency Relief Act of 1933 could be used in any manner the State saw fit. The Court flatly refused to sustain the contention.

As has been pointed out to the committee, the Federal Emergency Relief Administrator and the Comptroller General regarded funds after grant as having the status of State funds. These decisions were made at a time when there was no question as to the proper use of funds by the States and in the final analysis only meant that while being administered for the purposes of the granting acts, the funds would not be subject to the general fiscal laws applicable to Federal agencies. These determinations, of course, are not decisive of the present question any more

than would the fact that the Yosemite Valley was not subject to Federal land laws while being properly used by California or that money being used by Michigan to build the St. Mary's Canal was not subject to Federal fiscal laws require a different result in the Ashburner and Michigan cases. These determinations obviously did not purport to cover the status of funds which could not be used pursuant to statutory authority. In this connection, in 1935 the Supreme Court of South Carolina in *Harris v. Fulp* (183, S. E. 158) held that a State relief administrator could not be sued by an individual in view of the State's immunity against suit. In determining the then status of relief funds, the court relied principally on the Comptroller General's opinion. On the other hand, the Supreme Court of Maine in *State v. Martin* (187 Atl. 710), reversed a bribery conviction under State law of a State Emergency Relief Administration employee, saying:

"The State—no official, no employee of the State as such—had title to or control of the funds apportioned by the United States or of food, clothing, or other supplies purchased therewith."

And in *Madden v. United States* (80 Fed. 2d. 672, 676; cert. den. 297 U. S. 710), the Court said:

"Defendant contends that there was a fatal variance between the proof and the indictment. His argument is that funds granted by the Federal Emergency Relief Administration to the emergency finance board, a State agency, became State funds and thereafter no title thereto existed in any Federal agency, and when the emergency finance board transferred part of its funds to the city of Boston for payment of Boston public library employees, title to such funds passed to the city of Boston, and thereafter the power of disposition of such funds was in the city of Boston and no Federal agency had any power over them. This contention is not sound. All projects carried on with money derived from the Federal Government had to be approved by the Federal Administrator. Any diversion of such funds from the project to which they were assigned was a diversion of Government money. As hereinbefore stated, all funds allotted by the Federal Government for the relief of unemployment even though disbursed by State agencies were earmarked as Federal funds, and if diverted from the use for which they were granted it constituted a fraud upon the Government. \* \* \*

More to the point than the decision of the Comptroller General heretofore cited to the committee is the report of the Comptroller General to the Director of the Budget, dated November 26, 1946 (B-58301). The Comptroller then had under consideration a proposed bill under which the United States would be divested of any interest in the Tennessee Valley Associated Cooperatives, Inc. This corporation was organized under the laws of Tennessee and financed by Federal Emergency Relief Administration money granted to the governor. It differed from rural rehabilitation corporations only in the fact that the stock was issued in the name of the Secretary of the Treasury without voting rights, whereas in the case of rural rehabilitation corporations the stock was taken in the name of the incorporators and pledged with Federal Emergency Relief Administration to insure compliance with the grants. The pertinent part of the report is as follows:

"Even if it may be conceded that it was not the Federal intent to retain control of the emergency relief funds involved other than as necessary to insure that the purpose for which granted would be carried out, it must be recognized that they have not been fully expended and that in continuing to hold them and in administering their use the Corporation performs basically a Federal governmental function. In an analogous situation involving the Virgin Islands Company, the capital of which likewise was obtained from emergency relief grants, this Office has taken the position that whatever portion of such funds has not been dissipated by operating losses represents unexpended relief grants and, as such, will be required to be accounted for to the United States. See General Accounting Office Report on Audit of the Virgin Islands Company, 1945, printed as House Document No. 701, Seventy-ninth Congress.

"In other words, the proposed legislation would divest the United States of a remainder interest of approximately \$183,000 in the Tennessee Valley Associated Cooperatives, Inc., representing an unexpended balance of emergency relief funds granted many years ago to assist in the organization and fostering of cooperative enterprises in the Tennessee Valley, and it would result in turning that sum over to a corporation or other agency disassociated from the Government for further use without limitation as to time. No convincing reason has been advanced to me as to why that should be done and, consequently, I am unable to recommend favorable consideration of the specific proposal submitted."



It has also been suggested to the committee that the transfer agreements require the return of the assets in question to the States or corporations and that any other disposition by Congress would violate these agreements. Of course, this argument could be met by returning the assets pursuant to the agreements and then by congressional mandate require the States to return the funds to the Federal Treasury for such further disposition as the Congress might deem appropriate. However, in the event Congress does not desire that the funds be further used by the States, the law does not require the useless and expensive formality of a transfer. In the first place, the parties to the transfer agreements did not purport to contract with respect to the use of funds that cannot be used in compliance with the granting statute, and in the second place neither the Secretary nor any other official of the Government could by contract divest the United States of any interest it might have in the funds unless so authorized by Congress. We are unaware of any such authority having been granted to either the Secretary or the Administrator of the Resettlement Administration. To put it another way, the obligation assumed by the States when the grants were made cannot be discharged by collateral agreements between the States or their agencies and the Secretary. This obligation was aptly stated by the Supreme Court of South Carolina in *Harris v. Fulp*, as follows:

"The Governor of the State of South Carolina requests periodically from the Federal Emergency Relief Administrator under the said act of Congress, namely, section 5 and subsection (c) of section 4 of said act, and for the purpose of subsection (a) of section 4 of said act (15 U. S. C. A. secs. 725, 724 (c, a), funds in the form of grants, using therefor Federal Emergency Relief Administration Form 11-B and the Treasurer of the United States sends the United States checks periodically for such funds to the Governor of the State, who, in his application, promises that these funds and the disbursement thereof shall be expended and made in accordance with the said act of Congress and the rulings and regulations prescribed by the Federal Emergency Relief Administrator. It appears, therefore, that the Federal Emergency Relief Administration makes these grants under the said act of Congress to the Governor as the Governor of the State of South Carolina upon the promise that the Governor shall expend the funds so received as the act of Congress intended it to be expended, namely, for the relief of destitution and unemployment."

Finally, it has been contended before the committee that disposition of the assets in question in any manner other than returning them to the States for unrestricted use would be unconstitutional (*Rice v. Railroad Company* (supra)) which was cited with approval in the case of *United States v. Minnesota*, (270 U. S. 181), was cited in support of the proposition. In the *Rice* case, *Rice*, the plaintiff, claimed land by purchase and entry from the United States. The railroad company defended under a grant to Minnesota for railroad construction purposes. The plaintiff replied that the granting statute was repealed and the defendant claimed the repealing statute was void. The court held the repealing statute was valid. The following extracts from the opinion are pertinent here:

"\* \* \* Omitting all such parts of it [the granting statute] as are unimportant in this investigation, it provides 'that there shall be, and is hereby, granted to the Territory of Minnesota, for the purpose of aiding in the construction of a railroad, \* \* \* every alternate section of land, designated by odd numbers, for six sections in width on each side of said road within said Territory, \* \* \* which land shall be held by the Territory of Minnesota for the use and purpose aforesaid.' Certain words in the clause are omitted, because they are not material to the present inquiry, and, if produced, would only serve to embarrass the investigation. Standing alone, the clause furnishes strong evidence to refute the proposition of the defendants, that a beneficial interest passed in present to the Territory; because it is distinctly provided that the lands granted shall be held by the Territory for a declared use and purpose, evidently referring to the contemplated railroad, which, when constructed, would be a public improvement of general interest. Resort to construction, however, on this point is wholly unnecessary, because it is expressly declared in the second proviso that the land hereby granted shall be exclusively applied in the construction of that road for which it was granted, and shall be disposed of only as the work progresses; and the same shall be applied to no other purpose whatever. Beyond question, therefore, the lands were to be held by the Territory only for the use and purpose of constructing the railroad described in the act, and they were to be applied to that purpose and no other."

\* \* \* \* \*

"That rule [strict construction against grantee] is plainly applicable to this case; and, when applied, we think it is clear that the Territory acquired nothing under the act of Congress set up in the answer but a mere naked trust or power to dispose of the lands in the manner therein specified, and to apply the same to the use and purpose therein described. Suppose it to be so, then it is not controverted that Congress could at any time repeal the act creating the trust, if not executed, and withdraw the power."

On the other hand, the first syllabus of the opinion states the corresponding rule, as follows:

"If Congress pass an act granting public lands to a Territory to aid in making a railroad, and if, by the true construction of the act, the Territory acquired any beneficial interest in the lands as contradistinguished from a mere naked trust or power to dispose of them for certain specified uses and purposes, the act is irrevocable, and a subsequent act attempting to repeal it is void."

Thus, if the grants in question were not for specified purposes or if the purpose of the grants were being complied with by the States, there would be no contention that Congress could or should revoke the grants. However, under the facts before the committee there is no question of repealing the grant statutes but simply the question of whether Congress has the power to prevent an unauthorized use of grant money since the grant statutes clearly limited the use for which such granted funds could be expended. It is one thing to change the rules after the game has started but an entirely different thing to enforce rules during the game that were in effect when the game started.

In conclusion, it might be appropriate to discuss briefly the possible moral issues involved in the problem before the committee. We do not understand that the State or corporation representatives who have appeared before the committee or expressed an interest in H. R. 2392 and H. R. 3244 have contended at any time that the States have a moral right to use the funds in question for any purpose not authorized by the grant statutes. On the other hand, the Department certainly does not wish to deny the States any rights they now have to use the funds. If we understand the position of the States and corporations correctly it is that the funds will be used by them for rural rehabilitation purposes and that such use is authorized under the granting acts. The distinction between rural depression relief and 1934 drought relief and the broad concept of rural rehabilitation is discussed in the Department's report. The dilemma of the States and corporations today arises not from any threatened breach of good faith on the part of any branch of the Federal Government but rather from the fact that the grants were not made for use in social-welfare programs in times of prosperity, but were made to relieve distress in emergencies induced by the depression and 1934 drought. The grant statutes were based on emergencies found to exist by Congress and did not contain the words "rural rehabilitation"—these are the facts which the Department feels permit an objective consideration of the proposed legislation by the Congress free from any supposed legal or moral restraint other than to act for the public welfare.

The CHAIRMAN. Mr. Murdaugh, will you come to the stand, please, and give the reporter your name and title, and identify yourself?

#### STATEMENT OF LAMAR MURDAUGH, SPECIAL ASSISTANT TO THE ADMINISTRATOR, FARMERS HOME ADMINISTRATION

Mr. MURDAUGH. Mr. Chairman, my name is Lamar Murdaugh. I am special assistant to the Administrator of the Farmers Home Administration.

The CHAIRMAN. Mr. Murdaugh, I hope that by calling you here to give the committee your opinion concerning the matter under consideration it will not prove in any degree embarrassing to you. I have conferred with you on many occasions and I happen to know something about your views concerning this matter. I know that it is with reluctance that Mr. Murdaugh is appearing here and I know that he does not come as a voluntary witness, but came here at my request and at my suggestion.



I am sure the members of the committee will understand your situation, Mr. Murdaugh, if you give an opinion that differs from the opinion which we have just received. I would like to shorten the matter as much as we can and ask you a few questions. First, are you familiar with these trust agreements which are now being considered by the committee?

Mr. MURDAUGH. Yes.

The CHAIRMAN. I assume you have read them.

Mr. MURDAUGH. Yes.

The CHAIRMAN. And you are familiar with the acts of Congress which authorized and provided the funds with which we are now dealing?

Mr. MURDAUGH. Yes.

The CHAIRMAN. After considering all the facts and circumstances involved in these various transactions, do you have an opinion as to the legal obligations involved in the different contracts?

Mr. MURDAUGH. Mr. Chairman, I am on record on that matter as of last year, before this committee.

The CHAIRMAN. And you gave us then your opinion to the effect that these were legal and binding contracts, to the best of my recollection, and that they contained legal and binding provisions and that under the contracts the Federal Government had no right to recapture these funds and cover them into the Treasury.

Mr. MURDAUGH. Mr. Chairman, that is not the position of the Department at this time.

The CHAIRMAN. I realize that. We have just had Mr. Rooney's opinion which was based upon some assumptions to the effect that the depression was over and the emergency had passed and a lot of other things that were not written into the contract. My question is directed to the contract itself. Is it your opinion that this is a legal and binding contract?

Mr. MURDAUGH. Mr. Chairman, let me qualify my remarks by making this suggestion: I understood that Mr. Hughes was going to be here today. He is one of the assistant administrators of the Farmers Home Administration. As a matter of fact, he is the oldest in service senior administrative officer of our organization still with the organization who was affiliated with one of these State RR corporations, in Missouri, in 1933 and 1934. I believe Mr. Hughes would be better qualified to give you gentlemen the opinion that you are asking for.

The CHAIRMAN. Is Mr. Hughes present?

Mr. MURDAUGH. He is not here today. He is in the city, I understand. I understood that he was to be here today but he is not here.

The CHAIRMAN. The trouble with that, Mr. Murdaugh, is that we are trying to conclude these hearings. I hoped it would not be necessary to call the committee together again to consider this matter except in executive session. Would you have any objection to giving us your opinion at this time, with the understanding that we might get the opinion of Mr. Hughes at a later date in written form and have it inserted in the record?

Mr. MURDAUGH. I am here today, Mr. Chairman, because I was instructed to be here. However, I understood that Mr. Hughes was also to be here today under instructions from the Office of the Secretary.

The CHAIRMAN. I understand that Mr. Hughes was invited but that he was out of town.

Mr. MURDAUGH. He was out of town until yesterday afternoon. My information is that he is in the city today.

I am reluctant to express personal opinions which are contrary to the report as submitted by the Department. Last year my situation was different by reason of the fact that I had personally talked to Mr. Anderson who at that time was the Secretary. I felt authorized at that time to express a personal opinion, which I did, and which is a matter of record in the proceedings of this committee.

The CHAIRMAN. It is a fact that Mr. Anderson has introduced a bill in this Congress similar to the one I introduced.

Mr. MURDAUGH. It is identical.

Mr. ABBITT. Mr. Chairman, is the gentleman's statement in last year's hearings?

The CHAIRMAN. Probably.

Mr. ABBITT. Would the chairman not be willing to ask that they be inserted? It seems to me that would relieve Mr. Murdaugh's embarrassment.

The CHAIRMAN. Under the circumstances, unless some other member of the committee desires to ask other questions, we will excuse you, Mr. Murdaugh.

Mr. GRANT. I would like to ask a question, Mr. Chairman.

The CHAIRMAN. Mr. Grant.

Mr. GRANT. In how many States does the Farmers Home Administration operate at the present time?

Mr. MURDAUGH. Mr. Grant, we operate in all of the States to the extent that it is necessary. There are some States where we have only one State office that covers two States. In one instance, I think three States are covered by one State office.

Mr. GRANT. Is it not a fact that the Farmers Home Administration does operate in all, or at least practically all, of the States where these agreements were made?

Mr. MURDAUGH. Yes; they operate in all of the States where there is an agreement in existence.

Mr. GRANT. In your opinion is the work that was contemplated or done by the various States not more or less a duplication of the work which is now being done by the Farmers Home Administration?

Mr. MURDAUGH. I do not quite understand the question.

Mr. GRANT. In other words, if the boards or agencies are set up, as they were at one time set up, could not the same work that they are doing be done by the Farmers Home Administration?

Mr. MURDAUGH. Substantially, Mr. Grant, it is being done now. Let me amplify on that by suggesting that I think the Cooley bill does not contemplate the establishment of a county by county rural rehabilitation organization anywhere. I think you will find the Cooley bill is specific in its provision that there shall be no duplication of service. That is within the discretion of the Secretary under the act.

Mr. GRANT. All right.

The CHAIRMAN. I would like to ask one question.

Is it not a fact that in the bill which I introduced the funds, when returned to the States, would be administered under agreements between the State corporations and the Secretary of Agriculture?

The Secretary of Agriculture could thereby prevent the possibility of any duplication or overlapping.

Mr. MURDAUGH. Yes.

The CHAIRMAN. That is all.

Mr. WHITE. May I ask the witness a question?

The CHAIRMAN. Yes, Mr. White.

Mr. WHITE. I am sorry, you were facing the other way and I did not get your full title. What is your title?

Mr. MURDAUGH. Special assistant to the Administrator, Farmers Home Administration.

Mr. WHITE. And you have studied the Cooley bill?

Mr. MURDAUGH. Yes.

Mr. WHITE. Do you recommend its passage?

Mr. MURDAUGH. Mr. White, that is not the recommendation of the Department at this time.

Mr. WHITE. You mean the Department of Agriculture?

Mr. MURDAUGH. Yes.

Mr. WHITE. I am speaking about the Farmers Home Administration.

Mr. MURDAUGH. Mr. Lasseter would be the proper authority to make any recommendation on behalf of the Farmers Home Administration.

Mr. WHITE. He will testify later?

Mr. MURDAUGH. I think so.

Mr. ABBITT. Mr. Chairman, I would like to ask unanimous consent that Mr. Murdaugh's statement at the last year's hearing be inserted at this point.

The CHAIRMAN. Without objection, it will be so ordered.

(Statement referred to is as follows:)

STATEMENT OF LAMAR L. MURDAUGH, SPECIAL ASSISTANT TO THE ADMINISTRATOR  
OF THE FARMERS HOME ADMINISTRATION

[From hearings May 26-27, 1948]

Mr. MURDAUGH. Mr. Chairman and gentlemen of the committee, I am Lamar Murdaugh, special assistant to the Administrator of the Farmers Home Administration.

Mr. ARNOLD. What department of the Government is that?

Mr. MURDAUGH. The Farmers Home Administration. There is delegated to me responsibility for the liquidation activities as directed by the Congress in the Farmers Home Administration Act of 1946. Section 2 (f) of the act, directing the relationship between the Secretary of Agriculture as trustee and the several State rural rehabilitation corporations, has been the subject of our study now for a period of something more than 18 months.

Mr. COOLEY. May I interrupt you there to inquire if you are also a lawyer?

Mr. MURDAUGH. Yes, sir; I am a lawyer by profession and a farmer by occupation.

Mr. COOLEY. Where are you a farmer and lawyer, Mr. Murdaugh?

Mr. MURDAUGH. In the State of Georgia.

Mr. COOLEY. How long have you been with the Department of Agriculture?

Mr. MURDAUGH. A little more than 2 years. I came into the Department possibly a month or 5 weeks after Mr. Lasseter took over as Administrator.

Mr. COOLEY. Did I understand you to say that you were assigned the particular job of liquidating these trusts?

Mr. MURDAUGH. Yes, sir.

Mr. COOLEY. And for the past several months you have been devoting your time to the problem involved?

Mr. MURDAUGH. Yes, sir.

Mr. COOLEY. You have made a thorough study of the situation?



Mr. MURDAUGH. As far as I could during the limited time available. Of course, the committee will understand that our first liquidation responsibility was to dispose of certain surplus project lands and in connection with the disposing of them there was imposed upon us a deadline. We had either to sell all of those lands or turn them over to the War Assets Administration for disposal on or before February 14 of this year.

Mr. ARNOLD. How did you come into possession of those lands?

Mr. MURDAUGH. All of that happened, sir, long before my day with the Farmers Home Administration. I think that those lands were mostly acquired during the days of our predecessor, the Farm Security Administration, or the Resettlement Administration.

Mr. ARNOLD. Is there a bunch of land in Missouri, around Sedalia, Mo., involved in that?

Mr. MURDAUGH. Yes, sir.

Mr. ARNOLD. Do you have any idea how much money the taxpayers lost on that one project?

Mr. MURDAUGH. I could not say with any degree of accuracy.

Mr. COOLEY. You have reference to that Scully tract?

Mr. ARNOLD. It is near Sedalia, Mo.

Mr. MURDAUGH. Most of that property, sir, was sold before I came into the Department.

Mr. ARNOLD. But the Government did lose a good-sized chunk of money; did it not?

Mr. MURDAUGH. I am not familiar with how much they lost on that property. At the time I came into the liquidation activity of the Department, there was something in excess of 500,000 acres of land remaining to be disposed of and that task was accomplished just by the breadth of an eyelash before the deadline of February 14 of this year.

Mr. ARNOLD. There were several tracts scattered around all over the country?

Mr. MURDAUGH. Oh, yes.

Mr. ARNOLD. You spent a good deal of time on that?

Mr. MURDAUGH. Yes. That is mentioned, gentlemen, to indicate that actually our time in undertaking to go into this 2 (f) liquidation direction of the Congress has been limited. In undertaking to follow the direction of Congress to liquidate the trusts, unfortunately there has developed in the Department more than one school of thought with reference to what should or should not be done, as was testified yesterday by the Administrator, Mr. Lasseter. It has resulted in a request submitted by the Secretary, Mr. Anderson, to the Congress last year asking for further clarification. As you know, as a result of that request the Capper bill was first introduced and now the Cooley bill and a similar bill in each House. The Administrator yesterday testified to the effect that the Farmers Home Administration needs clarification of that 2 (f) provision and I think that that is the consensus of the majority of the policy-forming personnel of the organization. I believe that it is a legal question and I do not know that there is anything which I might add to the testimony which the committee heard yesterday, for the simple reason that actually the documentary evidence has all been discussed and referred to.

Mr. COOLEY. Well, you can add this: You can add your own opinion as a lawyer, based upon your study of the problems involved, and I would like to hear you express an opinion. Is it your opinion that the contracts executed between the State rural rehabilitation corporations and the Secretary, acting on behalf of the United States Government, are legal and binding contracts and would be enforceable in the courts?

Mr. MURDAUGH. Mr. Cooley, let me answer that in this way by prefacing that I am not in the Solicitor's office.

Mr. COOLEY. I know you are not.

Mr. MURDAUGH. And I am not permitted to testify as a lawyer in behalf of the Department.

Mr. COOLEY. They do not have all the legal brains in that office; do they?

Mr. MURDAUGH. I think we have a very competent Solicitor's organization.

Mr. COOLEY. I am not asking you to reflect on that, but you have your own opinion and you are here as a witness, and I would like to have you tell this committee what you think about it as a Georgia lawyer.

Mr. MURDAUGH. My review of the records of the Department and the statements previously made which are a matter of record by regional attorneys of the Department during the time when the trust agreements were in process of being



executed is to the effect that they are valid and binding obligations between the Secretary as trustee and the several corporations and I think in that capacity he acted at least ex officio in behalf of the United States Government. I make that statement by reason of the fact that it has been hypothecated in the proposition that considerable collaboration was had with the Comptroller General, whose opinions in several instances are also a matter of record.

MR. COOLEY. Well, do those opinions not indicate that these funds have consistently been considered State funds, or rather funds belonging to the corporations?

MR. MURDAUGH. So far as I can find in the record, Mr. Cooley, and in the records of the House Agricultural Committee of a short time ago, 2 or 3 or 4 years ago, whenever they went into a very lengthy inquiry regarding the affairs of the Farm Security Administration, a great deal of activity has been carried on and a lot of things have happened during which time there was no question with reference to the ownership or the title to the funds held by the Secretary as trustee.

MR. COOLEY. Does your investigation disclose that the charters of these corporations were prepared in Washington and submitted by some Federal official to the several legislatures of the States?

MR. MURDAUGH. Generally, I understand that that is what happened.

MR. COOLEY. Is there a definite similarity between all of the contracts?

MR. MURDAUGH. Yes, sir. There is an indication in the record that the trust agreements in the first instance were prepared by the Federal people and were submitted to the various State corporations and, of course, changes were made and alterations were made in several States to fit the opinion of some local attorney general or some individual such as Judge Christianson in his State or the North Carolina people.

MR. COOLEY. And Secretary Royall, who at that time was the attorney for the North Carolina corporation?

MR. MURDAUGH. I am not familiar with that.

MR. COOLEY. Well, you are familiar with the North Carolina contract, are you not?

MR. MURDAUGH. Yes, sir.

MR. COOLEY. Now, I will ask you if it is not a fact in your opinion that the North Carolina corporation could not, even if it wanted to, legally surrender its rights to these funds without an act of the legislature authorizing it?

MR. MURDAUGH. I think they testified to that yesterday, Mr. Cooley.

MR. COOLEY. Do you concur in that opinion?

MR. MURDAUGH. Personally, I think that is correct; yes, sir.

MR. COOLEY. That is all.

THE CHAIRMAN. Mr. Murdaugh, there is no particular difference of opinion, is there, on the points to which you have just addressed yourself?

MR. MURDAUGH. That is correct.

THE CHAIRMAN. Does the difference of opinion not arise on the question as to whether, if the corporation had these State funds in their possession now, they would have the authority to use them for purposes different than those for which the grants were originally made? That is the question, is it not, under consideration by the Solicitor's office and which has brought about a difference of opinion as to how these funds should be disposed of?

MR. MURDAUGH. And whether the corporations are now in existence and qualified to administer the funds.

THE CHAIRMAN. Well, yes; that enters into it also. It is my understanding that Mr. ROONEY's position yesterday was that, even if the corporations were in existence and if there had been no such agreement as has been discussed here, that if these funds were being used for a different purpose than that for which they were originally granted there would be a doubt as to whether or not they could hold the funds for that purpose. Is that not your understanding?

MR. MURDAUGH. Let me address myself to that inquiry, Mr. Chairman, briefly. In order to do that I would like again, though it may be a bit repetitious, to refer to the 1933 appropriation act and follow through with my line of reasoning with reference to the purpose for which these funds were originally appropriated and what the status of them is today.

THE CHAIRMAN. Before we get to that point, I would like to have your opinion on this question: Let us assume that they are being used for some different purpose. As I understand it, your position is that the purpose for which they are now being used or the purpose for which it is proposed the State of North Carolina shall use them is an authorized purpose under the original act.

MR. MURDAUGH. I think they are being used today for an authorized purpose.

The CHAIRMAN. Now suppose, however, that this committee should decide that the use to which they are being put under present conditions is different than the use for which they were originally granted. What is your position as to the moral right, we will say, of Congress to pass legislation terminating the grants and putting the money into the Federal Treasury?

Mr. MURDAUGH. The moral right of the Congress to do that?

The CHAIRMAN. Yes.

Mr. MURDAUGH. I think, Mr. Chairman, that the Congress has no moral right to pass any further legislation with reference to these funds other than has already been directed to the Farmers Home Administration in 2 (f). I believe that the Congress has properly and appropriately given us that direction which, under the law and under the facts, they are privileged to give.

The CHAIRMAN. Now, let us follow that a little bit further. Suppose we had a situation here where the money was being used for an entirely different purpose. Let us leave out of consideration now the question as to whether or not those vocational agricultural buildings are a proper purpose. Let us say they were using these funds to build an addition to the statehouse. Would your position still be the same, that they could use them for any purpose that they wanted to?

Mr. MURDAUGH. Well, nothing like that is being done, Mr. Chairman.

The CHAIRMAN. I know, but it is up to this committee to decide whether the funds could be used that way.

Mr. MURDAUGH. That is a situation it is impossible to conceive of.

The CHAIRMAN. But it is up to this committee to decide whether or not the grants are being used for the purpose for which they were granted in the first place. I am just asking you a question based upon a situation about which there could be no dispute, it seems to me, as to whether they were being used for the purposes for which they were granted. I am asking what your position would be on the matter if these funds were being used for building an addition to the statehouse in North Carolina.

Mr. MURDAUGH. I do not think it would be proper to use relief funds for that purpose. However, I think that all of these funds were granted under the authority of the 1933 act to either the State or a State agency so designated by the State legislature and to whom the fund was properly granted. I believe then that the Resettlement Administration exercised a certain degree of supervision over the administration of the funds back in the thirties, which was appropriate. I think that degree of supervision was exercised up until the time the Secretary of Agriculture received the funds as trustee for the corporations and that the title to the fund and the property has always been and is now in the corporations, but that the possession of the fund and the property was transferred to the Secretary as trustee for the corporations. I think that under the 1933 act when the Administrator of FERA granted the funds to the various States and the funds then went into the treasury of a State agency the Administrator of FERA was barred from anything other than a reasonable degree of supervision such as was provided for in the act and that a violation by a State or by a State corporation of the purpose for which the fund was used would have been the subject of inquiry by the Administrator and possibly prosecution by the proper legal authorities of the Government for recovery or recoupment for violation of the provisions of the fund grant. Nothing of that sort has been called to my attention.

The CHAIRMAN. What would be your position on the question of the right of this committee, if we should report out the Cooley bill, to outline conditions in that bill under which the States should operate and the purposes for which they might use this money if it was returned to the State? Do you think we have the right to do that?

Mr. MURDAUGH. I think that would be the subject matter of a careful inquiry by the counsel for the committee, to determine the degree of supervision which was provided for in the original 1933 act, coupled with the degree of supervision which was exercised by the FERA and subsequently by the Resettlement Administration and the Federal authorities up to the time that the Secretary took possession of the property as trustee for the corporations. I think that subject to that and whatever general law exists on the subject—and I am frank to suggest, sir, that I am now familiar with any general law that may exist on the subject—the Congress should appropriately undertake to cut a pattern for the return of these funds to the State or the State corporation after application and approval as is provided for in the Cooley bill. That is a personal opinion.

Then I believe that you would have no difficulty with these States. So far as I have been able to determine, Mr. Chairman, the States have cooperated wholeheartedly with the FERA and their successors with reference to the administration



of this fund throughout. That, of course, is evidenced by the fact that the trust agreements today are in existence, and while it is true and the record is explicit on the subject matter that a number of the States objected very vehemently to executing the trust agreements, nevertheless ultimately the trust agreements were executed in good faith by the States, and I, of course, must assume that they were also executed in good faith by the Secretary as trustee.

The CHAIRMAN. Well, then, your position, as I understand it, is that Congress would have the right to say in the Cooley bill what should be the terms and conditions which would have to be followed by the States or the State corporations in the expenditure of this money which might be returned to them at any time to the extent that the expenditure would have to conform with the original purpose for which the funds were granted?

Mr. MURDAUGH. I think that properly expresses the situation, Mr. Chairman.

Mr. FLANNAGAN. Why is that not true? If these funds were originally granted to the State for a specific purpose and impressed with that trust and we take action to return these funds to the States, why should we not impress the funds with the original trust agreement?

Mr. MURDAUGH. I think they would, under the trust contracts, be so impressed, sir, if the Congress did nothing further.

Mr. COOLEY. That is what I was going to ask you.

Mr. MURDAUGH. I think the Congress has given us adequate direction already. Of course, that is not the unanimous opinion of the Farmers Home Administration.

Mr. FLANNAGAN. Well, it certainly would not hurt to clear the matter up.

Mr. MURDAUGH. That is right. Then, if some corporation felt that their rights were being violated, it would be their privilege to question any such provision in the Cooley bill.

Mr. POAGE. Will the gentleman from Virginia yield?

Mr. FLANNAGAN. Yes.

Mr. POAGE. You would not contend, would you, that we could put any restrictions on the use of these funds by the States that did not exist in the original legislation?

Mr. FLANNAGAN. That is right, but I think they would still be impressed with that trust.

Mr. POAGE. I do, too, but you would not contend that we could add to the existing provisions?

Mr. FLANNAGAN. Oh, no; but we should safeguard that very thing, to see that they are not diverted.

The CHAIRMAN. Let me clarify the record on that point. I am not making such a contention, that we should impose different conditions, or conditions that went further than those under which the money was granted originally.

Mr. COOLEY. I understand you agree with the position just taken by the chairman that we could impose conditions on the return of the money that were not inconsistent with the conditions which attached to the money at the time the grant was made?

Mr. MURDAUGH. I would like to see the committee do that, Mr. Cooley. I believe that that would be in the direction of a proper solution of the situation.

Mr. COOLEY. I would like you, with the chairman's permission, to prepare such an amendment to my bill so that I may offer it. That will eliminate any ambiguity about it at all.

Mr. MURDAUGH. Yes, sir.

Mr. COOLEY. That the fund shall, upon being returned to the State, be used for the purposes for which it was originally granted.

Mr. MURDAUGH. Yes, sir.

(The information referred to was submitted to Mr. Cooley.)

Mr. MURDAUGH. I believe I would like to clarify or amplify my thinking and try to reconcile it with the thoughts of the chairman and the other members of the committee with reference to the purposes for which these funds were appropriated. In the 1933 act, which has already been discussed, there is the provision that the decision of the Administrator as to the purpose of any expenditure shall be final.

Then in the 1934 act there is provision for the Federal Emergency Relief Administration to make grants for relief within a State directly to such public agency as he may designate. Then during those 2 years—let me get the sequence of this thing together—there was, under the direction of the Federal Emergency Relief Administration, created in the several States, as I understand it, a State emergency relief administration.

I think then that the record indicates that subsequently due to misunderstandings, possibly, maybe as many as six of those State emergency relief adminis-

trations were what they call federalized. I seem to recall that there was dissension with reference to who was going to be employed in certain State administrations, but nevertheless in those State emergency relief administrations during 1933 or 1934 there was set up and created under the direction of the FERA a rural rehabilitation division for the purpose of administering a relief program or a rural rehabilitation program or whatever you may wish to call it for the benefit of the underprivileged agricultural people.

A lot of money, of course, was used for urban relief, and I can assume that the predecessors of you gentlemen on this committee—some of you were here at that time—induced the FERA to allocate substantial portions of this money for rural rehabilitation. That follows by reason of the fact that the term "rural rehabilitation" was used then in the 1935 act, but by the time the corporations were in process of entering into these trust contracts with the Secretary.

That is my understanding, and I think that is what the record shows conclusively with reference to the origin or the birth of the term "rural rehabilitation" as such. It was at that time conceded to be an appropriate purpose for which these funds might be used under the original 1933 act.

Mr. FLANNAGAN. Now let me ask you this: Have there ever been any conferences between the respective States and the Federal Government as to what purposes these funds could be used for?

Mr. MURDAUGH. Well, of course, I am not in a position to answer that, because I have only been in the Federal program now about 2 years. I do not know what happened prior to that time.

Mr. COOLEY. Has any such situation come to your attention during the 2 years you have been studying this problem?

Mr. MURDAUGH. No, sir, I think there has not. I think that the fund has probably been used in each State for a laudable purpose, a legal purpose under the terms of the original act and as followed through.

Of course, you understand that the Congress has directed the Secretary in one or two instances, but I think that those directions were compatible with the original purpose of the appropriations and I think that the money has been used properly during the last 2 years, which is the limit of my experience.

The CHAIRMAN. Let me ask you this: As I understand it, you are in charge of liquidation of these funds?

Mr. MURDAUGH. Yes, sir.

The CHAIRMAN. And under the Farmers Home Administration Act, the Secretary was authorized to negotiate with the State rural rehabilitation corporations—

Mr. MURDAUGH. That is not what the act says, Mr. Chairman.

The CHAIRMAN. Well, it says, "authorized and directed to negotiate with responsible officials."

Mr. MURDAUGH. Yes, sir. There has been a difference of opinion as to what officials we were to negotiate with.

The CHAIRMAN. Have you been negotiating with any officials?

Mr. MURDAUGH. Very little, sir. We undertook at one time, after the Secretary transmitted his recommendation to the Congress resulting in the introduction of the Capper bill, to prepare and propose to submit to the State corporations an amendment which would have the effect of returning the fund to the Federal Treasury. We made one or two efforts in that direction with no success and, of course, backed off.

The CHAIRMAN. What do you mean, you made one or two efforts? What did you do?

Mr. MURDAUGH. The proposal was made first to the proper officials of the North Carolina Rural Rehabilitation Corp. and they indicated that they would not be interested in executing such an amendment.

The CHAIRMAN. Did you get in touch with any others then?

Mr. MURDAUGH. I was rather afraid to follow up on that. The consensus of the policy-forming people in the administration was to the effect that possibly we had better not undertake to follow through on that basis.

The CHAIRMAN. Then you have not negotiated with any rural rehabilitation corporations or with any State officials in the States where there are at the present time no rural rehabilitation corporations?

Mr. MURDAUGH. Very little, sir. We made some effort in that direction and as I suggested there was such a conflict with reference to what we should or should not do that we have not undertaken to follow aggressively in that direction.

The CHAIRMAN. You mean the conflict was in the Farmers Home Administration?

Mr. MURDAUGH. Yes, sir.



The CHAIRMAN. How many of these State corporations have been dissolved?

Mr. MURDAUGH. I have that figure right here, sir. I think there are 23 or 24 in existence now. Here is the record, the last compilation which has been made. Twenty have been dissolved on various dates between November 14, 1936 and October 10, 1946. Twenty-three have not been dissolved.

Mr. COOLEY. How were those 20 dissolved, by act of legislature or in what way?

Mr. MURDAUGH. That question, Mr. Cooley, I am not in a position to answer accurately.

Mr. COOLEY. Do you know of any State that has by legislative action dissolved these corporations or have they just become inactive?

Mr. MURDAUGH. I do not know of any legislative action dissolving them. There may have been. My judgment is that those which have been dissolved went out of existence possibly by voluntary surrender of their charter by the board of directors thinking that they had nothing else to do.

Mr. COOLEY. They just ceased to function?

Mr. MURDAUGH. Or ceased to function. I know that a number of them had a board of directors which finally just would not stay in existence, just went out of existence by reason of the individuals moving away from the State and sending in their resignation and I think that you will find——

Mr. COOLEY. That would not legally dissolve the corporation, would it?

Mr. MURDAUGH. No, sir; I think not.

Mr. ARNOLD. Do the States not have different corporation laws?

Mr. MURDAUGH. There are different laws. For instance, the Arkansas corporation is incorporated under the laws of Delaware. I think there is one other, maybe Nebraska or some other State, that has a Delaware chartered corporation.

Mr. FLANNAGAN. When these corporations were dissolved, did the States lose their claim or interest in these funds?

Mr. MURDAUGH. No, sir; they did not.

Mr. FLANNAGAN. If they were still holding on to these funds, why did they dissolve the corporation?

Mr. MURDAUGH. I could not answer that, sir. I could assume that possibly some of them were not properly advised on the subject.

Mr. FLANNAGAN. Can you answer this? Did the Secretary send up two bills?

Mr. MURDAUGH. The Secretary sent the bill which is now the Capper bill.

Mr. FLANNAGAN. Where did the Cooley bill come from?

Mr. MURDAUGH. Well, I understand, sir, that the Cooley bill was also prepared in the Office of the Solicitor of the Department of Agriculture.

Mr. COOLEY. If the gentleman will yield, what Mr. Flannagan wants to know, and what I would like to have cleared up for the record, there were two bills prepared in the Department, one called an A bill and the other a B bill. That is true, is it not?

Mr. MURDAUGH. Yes, sir.

Mr. COOLEY. And both of those bills were sent to the Capitol by somebody in the Department?

The CHAIRMAN. By the Secretary.

Mr. COOLEY. By the Secretary?

Mr. MURDAUGH. No, sir; I think the Secretary sent the Capper bill over.

Mr. COOLEY. In other words, the Secretary sent the Capper bill and he recommended passage of the Capper bill?

Mr. MURDAUGH. Yes, sir.

Mr. FLANNAGAN. Where did the Cooley bill come from, then?

Mr. MURDAUGH. Well, I think Mr. Cooley could answer that better than I could.

Mr. FLANNAGAN. He says it was prepared down there.

Mr. COOLEY. It was prepared in the Department and sent to me by request, is my recollection.

The CHAIRMAN. Let us pass that by for a moment because we have a letter here from the Secretary and I think that ought to be the best source of evidence.

Mr. ARNOLD. Mr. Chairman, at that point could I ask the witness a question?

The CHAIRMAN. Yes.

Mr. ARNOLD. The fact that 20 States out of the 43 that had been participating have dissolved their corporation, would that indicate that they did not expect to get any more money from the Government?

Mr. MURDAUGH. I think, sir, that that possibly indicates a lack of information on the part of the State with reference to what their responsibility or rights might consist of.

Mr. ARNOLD. You do not think they considered the job done and felt that they did not need any more money and dissolved the corporation and called it quits?

Mr. MURDAUGH. My judgment, sir, is that if they were properly informed with reference to the situation that they would in most instances wish to revive their State corporations and take advantage of the money which was originally granted to them upon return by the Secretary of Agriculture as trustee.

Mr. ARNOLD. You think they thought they had a chance, or if they had thought they had a chance to get some more money from Uncle Sam they would have hung on?

Mr. MURDAUGH. I think it would not be a matter of getting more money. I think they would have accepted return of the money which was originally granted to them. As the Administrator and several other witnesses testified yesterday, I can add my thought to that for whatever it is worth. I believe that there is need for a certain amount of rural rehabilitation in every State in the Nation at this time. There was in 1933 and I think that need continues.

Now, there has been discussion with reference to the fact that the 1933 act recites that the money was appropriated for the present emergency, but I think that emergency existed before the Congress passed the act, that the Congress recognized the fact that such an emergency existed, but I think also that the need for rural rehabilitation in every State in the Nation continues to exist at this time.

Mr. ANDRESEN. May I ask a question, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. ANDRESEN. Is it necessary for Congress to take action to provide for the return of this money so the States can get it?

Mr. MURDAUGH. The Administrator, Mr. Andresen, yesterday testified to the committee that clarification was needed.

The CHAIRMAN. By clarification, does that mean authorization and appropriation or does it mean clarification of the law so that you can turn these trust funds back?

Mr. MURDAUGH. I could write six words in section 2 (f) of the Farmers Home Administration Act which would clarify it sufficiently, I think, to eliminate any possible controversy that might and does exist at this time.

Mr. ANDRESEN. Now, assuming that Congress does not act to clarify the law, what will you do?

Mr. MURDAUGH. My position, sir, would be that we should proceed to liquidate the trusts and follow explicitly the provisions of the various trust agreements imposing upon the various State corporations the same degree of supervision which has heretofore been imposed upon them in order to see that the fund is used in furtherance of rural rehabilitation, which is the general purpose for which it was originally appropriated.

Mr. ANDRESEN. Then you feel it is not necessary to have a clarification law?

Mr. MURDAUGH. Well, sir, the Administrator yesterday testified that he would like to have some clarification on the part of the committee.

Mr. COOLEY. It is a fact, Mr. Murdaugh, that although you might not need any legislation with regard to the liquidation of the North Carolina and North Dakota corporations, maybe several others, you would need something in the way of legislation with regard to these corporations which have ceased to function and which still have some sort of an interest in these funds.

Mr. MURDAUGH. Of course, I think that we have the authority under the act at any time to negotiate with whatever officials they say are the proper officials. I think that term means the proper State officials or the proper officials of the State corporations and you will recall that the trust agreements themselves provide just exactly that and that if the corporation is not in existence that the fund shall be returned to whatever instrumentality of the State as is directed by the State legislature. That in itself—

Mr. COOLEY. All right, but if Congress wants to safeguard this money as has been indicated by the hearings, do you not think it would be well to write a plain, clear provision in the bill which I introduced to the effect that these funds returned to the State or an instrumentality thereof shall be used for the purposes for which they were originally granted?

Mr. MURDAUGH. I believe that would be a happy solution.

Mr. COOLEY. So that would mean to that extent we do need some legislation?

Mr. MURDAUGH. I think that would be a happy solution.

The CHAIRMAN. Thank you, Mr. Murdaugh.

I would like to ask permission also for any member of the committee to insert memorials or communications which they have received concerning the matter under consideration to be inserted at this point in the record.

(The information referred to is as follows:)

THE STATE OF COLORADO,  
OFFICE OF THE ATTORNEY GENERAL,  
Denver, June 11, 1949.

Hon. HAROLD D. COOLEY,  
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: I felt considerably encouraged after speaking with you by telephone Wednesday night. I certainly hope we will be successful in eventually getting your bill passed so that we may once and for all bring an end to the wrangling over these trust funds.

I mentioned to you the letter I received from Floyd F. Higbee, State Director of the Farm Home Administration of Colorado. I am enclosing a copy of that letter as I think it should be before your committee. On the basis of this letter the position of the Agriculture Department is lost entirely. Now this letter, you will note, is the viewpoint of the present local agency of that department. It is certainly different than the arguments being advanced from the central office. You will note that even in 1949, \$535,000 has been used from the corporation funds to rehabilitate individuals and farmers. This certainly shows there is no slacking up of the demand and to return this money to the Federal Treasury would only necessitate in the end a new organization with an appropriation to carry on the same work. Their argument is that the machinery is set up and there is no great cause for disturbing the present flow of loan capital.

I have read all the testimony of the various hearings and have come to the conclusion that the trust indenture meant what it said, namely, that the funds were to be returned to the State corporations and I can certainly see no vagueness in the Farm Home Act of 1946, or any other different meaning in that law than that the Secretary should immediately liquidate the trust in accordance with the trust indenture and return the funds to the State corporations.

I am ready and willing and anxious to cooperate with you in this endeavor and if you think my appearance would lend any benefits to this legislation, please let me know and I will fly down to Washington and help.

Our Senator Milliken is very much in favor of this legislation and our Senator Johnson I am sure will be when he has had an opportunity to further investigate the matter.

Very sincerely yours,

JOHN W. METZGER, *Attorney General.*

DENVER, COLO., May 13, 1949.

Mr. F. A. ANDERSON,  
Director, Extension Service,  
Colorado Agricultural and Mechanical College,  
Fort Collins, Colo.

DEAR MR. ANDERSON: In reply to your request, we wish to advise that the Colorado Rural Rehabilitation Corporation was formed on the 4th day of October 1934 and, quoting from the articles of incorporation, the purpose was: "To rehabilitate individuals and families as self-sustaining human beings by enabling them to secure subsistence and gainful employment from the soil, from coordinate and affiliated industries and enterprises and otherwise, in accordance with economic and social standards of good citizenship \* \* \*."

The corporation received its money through a direct grant from the United States Government and through the liquidations of part of the old FERA assets. Colorado Corporation money was loaned to individual farmers for the purpose of carrying on a rural rehabilitation program. The demand by individual farmers for additional assistance of this nature was so great that in 1936 the Resettlement Administration made available additional funds for rehabilitation purposes.

On April 15, 1937, the Colorado Rural Rehabilitation Corporation assigned its assets to the Resettlement Administration for the purpose of establishing a revolving fund for rural rehabilitation in the State of Colorado. Since April 15, 1937, the Resettlement Administration and successor agencies, the Farm Security Administration and the Farmers Home Administration, have managed the assets of the corporation. Funds which have been collected from outstanding obligations have been reloaned. For the past 4 years, our organization has loaned to the farm families in the State of Colorado the following amounts from Corporation funds: 1946, \$697,100; 1947, \$488,228; 1948, \$368,716; 1949, \$535,000.



Nearly all of the assets of the corporation are in the form of loans to farm families. The assignment of the Colorado Rural Rehabilitation Corporation to the Resettlement Administration was made to prevent having a duplicating farm loan group within the State, and, secondly, because of the need of many borrowers from the Colorado Rural Rehabilitation Corporation to receive additional assistance to further their rehabilitation.

Colorado Rural Rehabilitation Corporation funds have materially assisted many farm families in the State of Colorado and have been made available for such things as aid to farm families for disaster loan purposes and, in my opinion, should continue to be available for that purpose instead of permitting the funds to be dissipated in any manner whatsoever.

It is true there has been introduced national legislation in an effort to further clarify the use of all State corporation funds. It appears from the records that all that is necessary to assure the funds of the corporation being made continually available to the farmers of Colorado, if and when our agency is no longer authorized to handle them, is for the money to be made available to the present Colorado Rural Rehabilitation Corporation, assuming that national legislation will not restrict further use of these funds.

Mr. Metzger's letter is in error in stating that you are a director inasmuch as your resignation was accepted on August 17, 1936. The certificate held by you, certificate No. 6, was canceled and another certificate issued to a newly elected member of the board.

If any further information concerning the Colorado Rural Rehabilitation Corporation is desired, it is suggested that those making inquiry communicate with my office. A copy of this letter is being made available to Mr. Metzger and Senator Milliken, since we note that Mr. Metzger sent a copy of his inquiry to you to Senator Milliken.

Sincerely yours,

FLOYD F. HIGBEE, *State Director.*

#### HOUSE JOINT RESOLUTION NO. 4

INTRODUCED BY LOBLE, CUNNINGHAM, AND NIXON—A RESOLUTION MEMORIALIZING THE CONGRESS OF THE UNITED STATES FOR THE PASSAGE OF LEGISLATION PROVIDING FOR THE LIQUIDATION OF THE TRUSTS UNDER THE TRANSFER AGREEMENTS WITH STATE RURAL REHABILITATION CORPORATIONS, SIMILAR TO HOUSE RESOLUTION NO. 5905, INTRODUCED BY REPRESENTATIVE COOLEY IN THE SECOND SESSION OF THE EIGHTIETH CONGRESS OF THE UNITED STATES, SO AS TO ENABLE THE STATE OF MONTANA TO HAVE RETURNED TO IT MONEYS AND PROPERTIES TRANSFERRED IN TRUST ON OR ABOUT APRIL 30, 1937

*To the Honorable Senate and House of Representatives of the United States in Congress Assembled:*

Your memorialists, the members of the Thirty-first Legislative Assembly of the State of Montana, the House and Senate concurring, respectfully represent that

Whereas on or about April 30, 1937, the Montana Rural Rehabilitation Corporation entered into an agreement with the United States Department of Agriculture whereby all the assets of the said Montana Rural Rehabilitation Corporation were transferred in trust to said United States Department of Agriculture; and

Whereas according to the last trial balance which was prepared by the Farmers Home Administration area finance officer in Denver, Colo., dated December 31, 1948, the assets of said Montana Rural Rehabilitation Corporation amounted to \$692,359.34; and

Whereas the State of Montana is now particularly anxious to have the trust liquidated and the money and property returned to it: Now, therefore, be it

*Resolved by the House of Representatives of the State of Montana, the Senate concurring, That we do hereby petition the Congress of the United States of America for the passage of an act similar to House Resolution No. 5905 introduced by Representative Cooley in the second session of the Eightieth Congress of the United States; be it further*

*Resolved, That a copy of this memorial be transmitted by the Secretary of the State of Montana to the Senate and House of Representatives of the Congress of the United States, and to the Senators and Representatives in Congress from the State of Montana, and that they, and each of them, be requested to use all*



honorable means within their power to bring about the enactment of legislation similar to the aforesaid mentioned House Resolution No. 5905.

Leo C. GRAYBILL,  
*Speaker of the House.*  
PAUL CANNON,  
*President of the Senate.*

Approved February 25, 1949:

JOHN W. BONNER, *Governor.*

Mr. COTTON. Mr. Chairman.

The CHAIRMAN. Mr. Cotton.

Mr. COTTON. I would therefore like to ask permission to insert a resolution which passed both branches of the legislature of the State of New Hampshire signed by the Governor.

The CHAIRMAN. Without objection, that will be inserted.

(Resolution referred to is as follows:)

STATE OF NEW HAMPSHIRE CONCURRENT RESOLUTION MEMORIALIZING CONGRESS  
CONCERNING THE NEW HAMPSHIRE RURAL REHABILITATION CORPORATION

Whereas on or about July 12, 1935, the New Hampshire Rural Rehabilitation Corporation entered into an agreement through the rural resettlement corporation with the United States Department of Agriculture whereby all the assets of the said New Hampshire Rural Rehabilitation Corporation were transferred in trust to said United States Department of Agriculture, and

Whereas the sum of approximately \$127,701.92 was received by the United States Department of Agriculture under said agreement, and

Whereas said sum remains in the possession of said United States Department of Agriculture, and

Whereas the State of New Hampshire is now particularly anxious to have the trust terminated and the money and property returned to it; now, therefore, be it

*Resolved*, by the senate and house of representatives in general court convened:

That we do hereby petition the Congress of the United States of America for the passage of an act similar to House Resolution No. 5905 introduced by Representative Cooley in the second session of the Eightieth Congress of the United States, and be it further

*Resolved*, That a copy of this resolution be transmitted by the Secretary of State to the Senators and Representatives in Congress from the State of New Hampshire and that they, and each of them, be requested to use all honorable means within their power to bring about the enactment of legislation similar to the aforesaid House Resolution No. 5905.

RICHARD F. UPTON,  
*Speaker of the House of Representatives.*

PERKINS BASS,  
*President of the Senate.*

SHERMAN ADAMS,  
*Governor.*

Passed May 4, 1949.

Attest:

ENOCH D. FULLER, *Secretary of State.*

Mr. DAGUE. Mr. Chairman, Mr. Lind and I will join in presenting a statement from the Deputy Attorney General of the Commonwealth of Pennsylvania.

The CHAIRMAN. Without objection, it will be so ordered.

(Statement referred to is as follows:)

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., June 9, 1949.

Re H. R. 2392

Hon. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,*  
*House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: I join with my colleague, the Honorable Paul B. Dague of Pennsylvania, in asking unanimous consent to insert in the hearings being held

today the attached statement from Mrs. M. Vasti Burr, deputy attorney general, Commonwealth of Pennsylvania, Harrisburg, Pa., relative to the proposed Federal legislation affecting the liquidation of trust assets of the Pennsylvania Rural Rehabilitation Corporation.

Respectfully,

JAMES F. LIND, M. C.,  
*Twenty-first District, Pennsylvania,*  
PAUL B. DAGUE, M. C.,  
*Ninth District, Pennsylvania.*

MAY 26, 1949.

Subject: Proposed Federal legislation affecting the liquidation of trust assets of the Pennsylvania Rural Rehabilitation Corporation.

To: Representatives of the Commonwealth of Pennsylvania in the United States Congress.

From: M. Vashti Burr, deputy attorney general.

Upon the joint request of Hon. Miles Horst, Secretary of Agriculture, and Hon. Frank A. Robbins, Jr., Secretary of Public Assistance, with the approval of Governor James H. Duff, I hereby desire to convey to you information concerning H. R. 2392 (Cooley) and S. 930 (Anderson, Young, Langer, and Pepper). These bills provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and the return of the proceeds therefrom to the States, to be used only for the rural rehabilitation purposes for which the Congress originally made appropriations to the States under the Federal Emergency Relief Acts of 1933 and 1934.

Based upon the Review of Enabling Legislation for, and Administration of, Rural Rehabilitation in Pennsylvania, which I prepared for Attorney General T. McKeen Chidsey, the brief summation hereto attached gives the history and present status of the rural rehabilitation program in Pennsylvania. The reason for dissolution of our Rural Rehabilitation Corporation in 1940 is explained in paragraph 8 of the summation.

It is our opinion that the corporation can be reestablished, with appropriate State officials as incorporators and members of the board of directors; that the rural rehabilitation program can be administered for the purposes for which Federal grants were made originally; and that there is a continuing, existing need for the program which has been administered federally under the trust agreements since October 31, 1936.

If the Congress were to enact H. R. 3244 (Hope), which would nullify the trust agreements and return liquidated State assets to the United States Treasury, it would work an undue hardship upon the farmers in Pennsylvania who have benefited from the program out of State funds albeit administered by a Federal agency under a solemn trust agreement.

The Senate, by passing S. 930 on May 24, upheld the view of the States: namely, that the trust funds in question belong to the States if the funds can be used for the same purpose for which they were granted to the States originally. (See concluding paragraph of the attached summation.)

#### SUMMARY REVIEW OF ENABLING LEGISLATION FOR, AND ADMINISTRATION OF, RURAL REHABILITATION IN PENNSYLVANIA

1. The Congress appropriated \$500,000,000 (May 12, 1933) and \$950,000,000 (February 15, 1934) for grants to the Governors for "relieving hardships" under a Federal-State cooperatively administered program. The 1933 act set up a Federal Administration and the office of Federal Administrator (both to cease to exist 2 years after the effective date of the act), and reserved to the Administrator the final decision as to the purpose of any expenditure. A proviso in the 1934 act enabled the Federal Administrator to make "grants for relief within a State directly to such public agency as he may designate."

2. To meet the emergency and necessity for relief in stricken agricultural areas, the act of June 19, 1934, appropriated \$525,000,000, available until June 30, 1935, for allocation by the President to supplement these appropriations and in addition thereto "for (1) making loans to farmers and/or (2) the purchase, sale, gift or other disposition of, seed, feed, freight, summer following and similar purposes."

3. The Federal Administrator approved allocations of the grants to the Governors for rural rehabilitation administered by rural readjustment divisions of the State emergency relief boards. Then, in 1934, he required the States to establish nonprofit corporations to receive and administer the grants for rural rehabilitation,

presumably because the Federal Administrator's authority ceased 2 years after May 12, 1933. The said State corporations never received Federal grants under the act of April 8, 1935, and subsequent acts.

4. The term "rural rehabilitation" first appeared in the 1935 act but the \$4,000,000,000 appropriated thereunder was for an all-Federal program of "relief, work relief, and to increase employment," to be used in the discretion and at the direction of the President, who, by Executive order of April 30, 1935, established the Resettlement Administration.

5. The Comptroller General on July 31, 1935, ruled that the funds of the Resettlement Administration might be used for rehabilitation projects that had been undertaken by the State corporations if the corporation would enter into an agreement transferring all of their property and funds to the Resettlement Administration; and any corporation funds and property so transferred would have to be held in the Treasury as a trust fund for expenditure by the Administrator for rural rehabilitation only, pursuant to the conditions of the transfer, and to be accounted for accordingly.

6. It was impossible for such transfer agreements to be entered into promptly. Therefore, as rapidly as possible the Administrator procured resolutions by the boards of directors of the State corporations to turn over to the Resettlement Administration the management of the corporation assets and the expenditure of their funds; also, to pledge the stock of the corporations as security for fulfilling their terms agreed to in the resolution. In Pennsylvania, the directors of our Rural Rehabilitation Corporation first secured the approval of the Attorney General and the SERB, and passed such a resolution on December 30, 1935.

7. On July 30, 1936, the directors of the Pennsylvania corporation authorized the application for amendments to the charter, principally to eliminate the requirement that the shareholders and directors must be members of the staff of the SERB. The court decreed the amendments on August 10, 1936. At a meeting the following day, the incumbent Board resigned and a substitute Board (all employees of the Resettlement Administration) was elected. The records of the corporation were moved to the regional office in New Haven, Conn. Finally on October 31, 1936, the transfer agreement was entered into. On June 24, 1939, the then board of directors of the Pennsylvania corporation voted to institute dissolution proceedings because the corporation had "ceased to exercise powers and privileges conferred upon it under the laws of the Commonwealth of Pennsylvania." Application for a voluntary dissolution was duly filed March 29, 1940, and following a hearing on June 24, 1940, the President Judge of the Dauphin County Court approved the application and decreed dissolution. In its decree the court took into account the transfer trust agreement with the Federal Government.

8. Meanwhile, on January 31, 1937, by Executive order, the functions of the Resettlement Administration were assigned to the Secretary of Agriculture who, on September 1, 1937, established the Farm Security Administration. The act of August 14, 1946, abolished that Administration, authorized the establishment of the Farmers' Home Administration, and directed the Secretary of Agriculture to liquidate the trusts under the transfer agreements and, to that end, to negotiate with responsible officials. The Secretary delegated the administration of the trust agreements to the Farmers' Home Administration on October 14, 1946.

9. Due to a difference of opinion between the Director of the Farmers' Home Administration who believed that the liquidated assets should be returned to the States, and the then Secretary of Agriculture who, at that time expressed the view that the proceeds upon liquidation of the trusts should be recaptured by the Federal Treasury, bills were introduced in both Houses of the Eightieth Congress. The Capper and Hope bills provided for the recapture of the proceeds of the trust assets; the Young and Cooley bills provided that the proceeds should be returned to the States. Hearings were held on the Hope and Cooley bills by the House Committee on Agriculture on May 26 and 27, 1948. The only witness for the Hope bill was the Associate Solicitor of the Department of Agriculture, who supported Secretary Anderson's view. The witnesses for the Farmers' Home Administration and witnesses for many of the States urged the Congress to enact the Cooley bill which provided for return of the trust funds to the State corporations or an agency or official designated by State legislature if the corporations were dissolved. No action was taken by the Eightieth Congress.

10. Similar bills have been introduced into the Eighty-first Congress. H. R. 3244 (Hope) is similar to his bill in the Eightieth Congress. H. R. 2392 (Cooley) and S. 930 (Anderson, Young, Langer, and Pepper) are identical, and are similar to the Cooley and Young bills in the Eightieth Congress. Senator Anderson has



found upon closer study that his view coincides with the position of the States instead of the view he held as Secretary of Agriculture.

H. R. 2392 or S. 930 (a bipartisan measure) may be enacted at this session. There may be further amendments but it would not be too difficult under the terms of either bill for the States to comply. Twenty-three of the State corporations have not been dissolved. There is some intimation that the 20 States which have dissolved their corporations would reincorporate them; and, in so doing will follow the language of the original charter; it being clear that the moneys and properties returned to the States could be used only for the purposes for which the original grants were made.

11. It follows that if the Pennsylvania corporation were reincorporated, action by the State legislature would not be necessary. If some other agency or official is desired to be designated by the General Assembly, any requisite legislation could be enacted at the 1951 session because the proposed Federal legislation allows 5 years within which the Secretary of Agriculture must liquidate the trusts, and within which the State must apply for return of the proceeds and properties after liquidation, or disclaim or release its interest. Otherwise, after the expiration of 5 years the proceeds would be automatically covered into the United States Treasury.

12. There is an adjusted trust obligation under the Pennsylvania transfer agreement with the United States, the net book value of which is \$512,000, and the approximate net trust fund amounts to \$490,502. It is proposed that the Secretary of Agriculture liquidate as many of the obligations as possible. Therefore, it is anticipated that a considerable amount would be returned in cash and that the property liens would be only those obligated under long-term loan.

#### CONCLUSION

If the Federal Emergency Relief Administrator, under the acts of 1933 and 1934 had the authority, and it appears that he did, to make grants for rural rehabilitation and to make grants to the State corporations as agencies of the States, it is clear that the funds belong to the States, if they can be used for the same purpose for which they were originally granted. In my opinion, the position of the solicitor's office that there is now no emergency, that there is no need for rural rehabilitation, and therefore it is immaterial whether or not the transfer agreements were legal and binding, is an untenable position.

The CHAIRMAN. Mr. Fernandez, we are very sorry to keep you waiting. We will be very glad to hear you at this time.

#### STATEMENT OF HON. ANTONIO FERNANDEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. FERNANDEZ. Mr. Chairman, I am strongly in favor of this bill provided it does not force my State or the Secretary of Agriculture to sell certain community grants which were purchased by the Government, in part, as a base for the economy of the members of those communities; and provided further that the State is not tempted by this bill to do so and is not given the power to carry out that temptation. In saying that, I believe I speak for all of the members of our delegation, both in the House of Representatives and in the Senate. Senator Anderson, who has introduced exactly the same bill in the Senate, assures me that it does not permit the State to sell those grants and that it does not force the State or the Secretary of Agriculture to sell them.

There are three grants which were purchased in order to rehabilitate certain communities. We call them grant lands because they were grants which were made by the Governments of Spain and Mexico to the Spanish settlers for the purpose of settlement.

These lands were used by those communities partly in parcels where they planted their little crops and the balance in common grazing lands used by the communities. In the course of time they



lost these grants and those communities were absolutely helpless and without any economy.

The Government purchased those lands under this program and is administering them and charging the people fees for using the grazing land. I would like to speak at greater length about that, but I know your time is short.

I do want to say that I am in absolute disagreement with the statement made by Mr. Rooney. He admitted here that the use of this money for the purpose of rural rehabilitation was proper if there was a depression. He had to admit that because after these agreements were made these very grants were bought by the Secretary of Agriculture for that purpose and from those funds. Consequently, that is a part of the program as interpreted by the Secretary of Agriculture.

The CHAIRMAN. That is a recognition of the obligation, is it not?

Mr. FERNANDEZ. Yes, sir, it is a recognition of the obligation. I may say further that we have a few other communities in the same situation for which some of these other moneys could be used if the State is permitted to do so, or if it is done through the Department of Agriculture. It ought to be done, because it is so much better to supply these people with an economy from which they can make their own living and perhaps sometime pay the Government a little rental for the use of those properties than to take the properties away from them and put them on relief and bring back a depression.

My own concern is that this land should not be sold. There are only three grants now. One has already been paid for by the people of the community. They have purchased it from the Government and paid the Government for the grant. As a matter of fact, I think two of them have been paid for.

Three grants are still in existence and it is impossible for those people to purchase those lands at the present time. They may in time be able to purchase them when they have rehabilitated themselves to a greater extent.

My concern is that the land should not at this time be put on the auction block and sold to outsiders. Those community land grants contain the following acreages: One is 26,000 acres; one is 65,265 acres; the other has 125,000 acres. The Government has invested \$288,267 in those grants. I feel so strongly about that that I would rather forego my State getting the balance of the \$1,500,000 to which it is entitled under these contracts than to have these lands be put on the auction block.

Certain homestead lands have been purchased. If the homesteaders have rehabilitated themselves and want to sell the lands they have purchased, I see no objection to their doing so, but I feel very strongly that I would rather nothing be done about these land grants than that they should be put under the auction block.

The CHAIRMAN. If Congress directs a liquidation of these trusts, the real property owned would have to be sold and converted into cash and the cash turned into the treasury. That would result in your property being subjected to the auction block and sold.

Mr. FERNANDEZ. Yes.

The CHAIRMAN. And that is what you do not want done?

Mr. FERNANDEZ. That is right because you will undo the very thing you did before. You just march up the hill and march down

again. You give these people a little land on which to graze their milk cows and their goats and their sheep. Then you take it away from them and you put them back where they were before.

The CHAIRMAN. On the other hand, if they passed the bill which I have introduced the funds and the property would be turned back to the New Mexico corporation and could be administered?

Mr. FERNANDEZ. That is correct. I am in favor of it provided the temptation is not given to the State to sell them because they are under tremendous pressure from people who want these lands.

The CHAIRMAN. That cannot be done under my bill without the consent of the Secretary of Agriculture, and I am sure he would not give his consent for this property to be transferred to private ownership.

Mr. FERNANDEZ. That is the assurance which I have been given and if that is the case, I am unqualifiedly in favor of this bill.

The CHAIRMAN. We thank you very much, Mr. Fernandez.

Are there any further questions?

We have Mr. Dillard Lasseter, Administrator of the Farmers Home Administration, but unless there is some request from some member that he be heard, we will excuse him.

Mr. MURRAY. I will make that request, Mr. Chairman.

The CHAIRMAN. Mr. Lasseter, Mr. Murray wants to ask you a question.

#### STATEMENT OF DILLARD B. LASSETER, ADMINISTRATOR, FARMERS HOME ADMINISTRATION

Mr. MURRAY. Mr. Lasseter, if this Cooley bill should pass and become law and its administration is set up in such a way that those funds could be added on to the funds that you already have in your appropriation, is it your opinion that the demands for your funds are such that many people could be helped at this particular time?

Mr. LASSETER. Yes, sir.

Mr. MURRAY. Your responsibilities are increasing very rapidly, are they not?

Mr. LASSETER. Decidedly so.

Mr. MURRAY. That is all.

The CHAIRMAN. Mr. Lasseter, you are familiar with the provisions of the bill which I introduced and which we are considering this morning, are you not?

Mr. LASSETER. Generally so, yes, sir.

The CHAIRMAN. That is all.

Mr. GRANT. Mr. Lasseter, I do not recall whether or not you were in the room at the time Mr. Hoeven from Iowa stated that in his State the funds from this corporation were turned over to the welfare department. I was just wondering whether the Governor of that State had authority under this contract to turn those funds over to anybody in the State whom he wished to administer them.

Mr. LASSETER. Mr. Grant, I know that has not been done since I have been there.

Mr. Barnard, has that happened? These corporation funds are not transferred to any State agency, are they?

Mr. BARNARD. No, I think what Mr. Hoeven said was that the Governor had said that it would be turned over to this social welfare agency if the funds were returned.

The CHAIRMAN. But that could not be done unless it met with the approval of the Secretary of Agriculture.

Mr. BARNARD. That is right.

The CHAIRMAN. Under the terms of our bill.

Mr. BARNARD. There are just those two States that were previously mentioned, North Dakota and North Carolina, that have retained any funds that were not transferred to the Secretary.

The CHAIRMAN. Are there any further questions?

Mr. PACE. Mr. Lasseter, it has been testified here that two States have taken over these funds.

Mr. BARNARD. No, they retained funds that they did not transfer in trust.

Mr. PACE. Has North Carolina used or employed any part of this money during the last several years?

Mr. BARNARD. \$350,000 is the amount they retained and they have been using it for rural rehabilitation purposes, I guess.

Mr. PACE. Has North Dakota retained any funds, do you know, Mr. Lasseter?

Mr. LASSETER. I do not know. They have not since I have been Administrator.

Mr. PACE. If a bill should be passed returning this money to the Treasury, then would it be your duty to file suit against North Carolina or North Dakota to try to recover any funds that had been expended?

Mr. LASSETER. I do not think so. That is a legal question I cannot answer. I would say with the exception of those two States all of the assets of the corporation are in my hands as delegate of the trustee, who is the Secretary of Agriculture.

Mr. PACE. If North Carolina and North Dakota have enjoyed any part of these funds or have expended any part of these funds, then are you not obligated to treat every State in the same manner, to either turn over to them a like amount or recover that money? How can you differentiate between the States?

Mr. LASSETER. I agree that they should certainly be treated alike. I wanted to bring this out, Mr. Chairman: North Carolina is the only one of the contracts that has a time limit on it. That would answer your question, Mr. White, about the extension of the contract.

With the exception of North Carolina, they all run indefinitely.

The CHAIRMAN. Mr. Hoeven indicated that the Iowa contract expired in 1947.

Mr. LASSETER. I heard that for the first time.

Mr. BARNARD. That is right. That had a specific date. Most of them have no specific dates.

Mr. LASSETER. Iowa should be included. I did not know that until this time.

The CHAIRMAN. Well, the fact is that North Carolina retained \$350,000 worth of its assets in the North Carolina corporation, whereas most of the corporations surrendered all of their assets.

Mr. LASSETER. That is right.

The CHAIRMAN. Thank you very much, Mr. Lasseter.

The full committee will stand adjourned subject to the call of the Chair.

(Whereupon at 12 o'clock noon, the committee was adjourned to reconvene at the call of the Chair.)







## STATE RURAL REHABILITATION CORPORATIONS

MAY 19 (legislative day, APRIL 11), 1949.—Ordered to be printed

Mr. ANDERSON, from the Committee on Agriculture and Forestry,  
submitted the following

## REPORT

[To accompany S. 930]

The Committee on Agriculture and Forestry to whom was referred the bill (S. 930) to provide for the liquidation of the trusts under transfer agreements with State rural rehabilitation corporations, and for other purposes, having considered the same, report thereon with the recommendation that it do pass without amendment.

## STATEMENT

The Secretary of Agriculture is presently acting for the United States as trustee for approximately \$50,000,000 worth of assets, including cash, notes, and accounts receivable, and real and personal property. These assets were acquired under transfer agreements in 1935, 1936, and 1937 from 43 State rural rehabilitation corporations.

The State rural rehabilitation corporations had been organized in 1934-35 to assist the Federal and State Governments in the administration of the funds provided by the Federal Emergency Relief Act of 1933 (48 Stat. 155). Under the act the Reconstruction Finance Corporation was authorized to make \$500,000,000 available for purposes of the act and not to exceed \$250,000,000 of this sum could be granted to the several States.

Applications for the funds were submitted by the governors of the States to the Federal Emergency Relief Administration. The Federal Emergency Relief Administration provided for both rural and urban relief and, in the beginning the two programs were handled together. Because of differences in problems in urban and rural areas, the Federal Emergency Relief Administration established a Rural Rehabilitation Division to administer the rural program. Similar divisions were established by the States. The funds set aside for rural rehabilitation were used for rehabilitation loans, providing seed, livestock, equipment, additional lands, training in farm and home management, and relocating displaced farmers.



The rural rehabilitation corporations formed in the several States to carry on this work were all formed under State or Territorial law. Some of the corporations have been dissolved at the instance of the Farm Security Administration, predecessor to the Farmers Home Administration.

When the Executive order (No. 7025) was issued, creating the Resettlement Administration to administer this program, it was contemplated by the Resettlement Administration that the rural rehabilitation program would continue to be financed by grants to the States through the State rural rehabilitation corporations. However, on June 22, 1935, the Comptroller General informally advised the Resettlement Administration that the funds made available under the Emergency Relief Appropriation Act of 1935 could be expended only as a direct Federal activity and not through the State rural rehabilitation corporations. This was so because the 1935 act did not contain a provision as did the 1933 Federal Emergency Relief Act for grants to the States. Apparently, it was believed impossible, in view of this situation, to continue the relief programs through the State rural rehabilitation corporations. They were, therefore, asked to, and did, assign their assets, in trust, to the United States, acting by and through the Administrator of the Resettlement Administration, to be used by the trustee in carrying on the rural rehabilitation program in the several States.

The assignments of assets were made pursuant to the above-mentioned transfer agreements entered into between the individual State rural rehabilitation corporations and the Administrator of the Resettlement Administration. After most, if not all, of the transfer agreements had been executed, the functions of the Resettlement Administration were transferred to the Secretary of Agriculture by Executive Order 7530, dated December 21, 1936 (2 F. R. 7), as amended by Executive Order 7557, dated February 19, 1937 (2 F. R. 343). By Memorandum No. 732, dated September 1, 1937 (2 F. R. 1800), the Secretary of Agriculture changed the name of the Resettlement Administration to the Farm Security Administration. The Secretary then delegated authority to the Farm Security Administration to administer the trust assets. Thereafter, section 2 (b) of the Farmers Home Administration Act of 1946 abolished the Farm Security Administration and transferred all of its functions to the Secretary of Agriculture, who in turn delegated the administration of the trusts to the Farmers Home Administration by memorandum dated October 14, 1946 (11 F. R. 12520).

It should be noted that the Federal Emergency Relief Administration funds with which the present corporation trust assets were acquired in whole or in part, were granted to the States or corporations without any provision for their return to the United States, and that the principal condition placed upon them was that they be used for rural rehabilitation purposes in the particular States to which they were granted.

The rural rehabilitation corporations were State agencies to which the assets were transferred by the State Emergency Relief Administration at the instance, and with the consent, of the Federal officials of the Resettlement Administration. When the assets were transferred to the Federal Government under the terms of the transfer agreements, it was upon the specific condition that they be used only

in a trust capacity in the appropriate States. In 27 States, the Attorney General approved the transfer agreements and wrote opinions emphasizing the vested interests of the States in the assets. Particular notice is paid to the fact that some of the State rural rehabilitation corporations did not transfer their assets in trust to the United States, and the United States has never taken any action to ascertain Federal ownership in such cases. Another item of important note is that the assets of the corporations have always been kept separate from those involving Federal transactions. The Comptroller General, in Decision No. A-92758, dated February 28, 1938 (17 Comp. Gen. 695), held that the funds of the corporations were not Federal funds. A similar ruling, i. e., that corporation trust assets were not Federal property was made by the Secretary of Agriculture in 1936.

It is recognized by the committee that there is some difference of opinion as to the disposal of the assets of the corporations and that the Department of Agriculture has recommended that the assets be liquidated and the cash be paid into the United States Treasury. These views have been considered. However, in view of the above-mentioned Comptroller General's decision and the hereinbefore mentioned interpretations of the Department of Agriculture and Congress in recognition of the trust relationships, and in view of the provisions of the transfer agreements between the State rural rehabilitation corporations and the United States, the committee recommends that the bill as reported be enacted.





81ST CONGRESS  
1ST SESSION

# S. 930

[Report No. 403]

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 1949

Mr. ANDERSON (for himself, Mr. YOUNG, Mr. LANGER, and Mr. PEPPER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MAY 19 (legislative day, APRIL 11), 1949

Reported by Mr. ANDERSON, without amendment

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## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Rural Rehabilitation  
4       Corporation Trust Liquidation Act".

5       SEC. 2. (a) The Secretary of Agriculture (hereinafter  
6       referred to as the "Secretary") is hereby authorized and  
7       directed to take such action as may be appropriate and  
8       necessary to liquidate, as expeditiously as possible but within  
9       five years from the effective date of this Act, trusts under  
10      the transfer agreements with the several State rural rehabili-



1 tation corporations, and is hereby authorized and directed  
2 to negotiate with responsible officials to that end.

3 (b) The Secretary, insofar as is necessary to protect  
4 the interests of the United States, and the corporations shall  
5 proceed forthwith to the conversion to cash of investments  
6 constituting the trust assets by sale of real and personal  
7 properties, and by collection of loans and accounts receivable  
8 according to the tenor of such obligations.

9 (c) An application for the return of such properties  
10 shall be made to the Secretary by the State rural rehabilita-  
11 tion corporation pursuant to appropriate resolution of its  
12 board of directors. The application shall contain a covenant,  
13 binding upon the corporation when accepted by the Secre-  
14 tary on behalf of the United States, that the corporation  
15 will abide by the determinations and apportionments of the  
16 Secretary provided for in this Act and the payments made  
17 by the Secretary pursuant to this Act, that the returned  
18 assets and the income therefrom will be used only for such  
19 of the rural rehabilitation purposes permissible under the  
20 corporation's charter as may from time to time be agreed  
21 upon by the corporation and the Secretary; and that not  
22 to exceed 3 per centum of the book value of the corporation's  
23 assets will be expended by the corporation for administra-  
24 tive purposes during any year, without the approval of the  
25 Secretary of Agriculture. If the rural rehabilitation corpo-

1 ration of any State has been dissolved and is not revived  
2 or reincorporated or, for any other reason, is unable to  
3 make such application or to accept and administer such  
4 properties, the application and subsequent agreements may  
5 be made by such other agency or official of that State as  
6 may be designated by the State legislature. The Secretary  
7 may transfer the trust funds or properties of such corporation  
8 to such successor agency or official if adequate provisions  
9 are made by the State legislature for holding the United  
10 States and the Secretary free from liability by virtue of  
11 the transfer to such successor agency or official.

12 (d) Except as hereinafter provided, upon receipt of  
13 appropriate application meeting the requirements of this Act,  
14 the Secretary shall do all things necessary to return to each  
15 such applicant all right, title, and interest of the United  
16 States in and to all cash, real and personal property, or the  
17 proceeds thereof, held on the date of the approval of this  
18 Act by the Secretary as trustee for the account of such State  
19 corporation, except that the Secretary may deduct from the  
20 funds of each such State corporation the expenses incident  
21 to completion of such transfer: *Provided*, That such transfer  
22 shall, insofar as possible, be accomplished in a manner con-  
23 sistent with the provisions of the trust agreement with each  
24 State rural rehabilitation corporation.

25 (e) In the event no application is made, as provided

1 for in this Act, within five years from the effective date  
2 hereof or disclaimer or release of interest under the trust  
3 transfer agreement by any State through its legislature, the  
4 Secretary shall cause all proceeds from assets held under or  
5 for the account of the transfer agreement with that State to  
6 be covered into miscellaneous receipts in the United States  
7 Treasury.

8       SEC. 3. The provisions of this Act shall apply also to  
9 all properties and assets of State rural rehabilitation corpora-  
10 tions held by Federal agencies other than the Department  
11 of Agriculture under the provisions of Executive Order Num-  
12 bered 9070, or otherwise. For the purposes of this Act  
13 the assets of other corporations, derived through the use of  
14 Federal Emergency Relief Administration funds, and made  
15 available to them through State rural rehabilitation corpora-  
16 tions or otherwise acquired by them for rural rehabilitation  
17 purposes, shall be considered as a part of the trust property  
18 of the State rural rehabilitation corporations in their respec-  
19 tive States.

20       SEC. 4. For the purposes of this Act, the Secretary  
21 shall have the power to—

22           (a) employ on a contract basis (without regard  
23 to the provisions of the civil-service laws or the Classi-  
24 fication Act of 1923, as amended, but the contract shall  
25 in each case specify what civil-service and related laws,

1 if any, shall be applicable to the employment after it  
2 has been made) such appraisers, accountants, attorneys,  
3 and other personnel as he may deem necessary, in the  
4 District of Columbia and elsewhere, to aid in the liquida-  
5 tion and transfer of the properties and assets pursuant  
6 to this Act, and in the entering into of agreements with  
7 the corporations, or other agencies or officials, desig-  
8 nated pursuant to section 2 (c) hereof, regarding the  
9 rural rehabilitation purposes for which the property  
10 and assets shall thereafter be used by them, and in  
11 determining that such agreed purposes are being car-  
12 ried out. The fees, salaries, and expenses of such ap-  
13 praisers, accountants, attorneys, and other personnel  
14 shall be equitably apportioned by the Secretary among  
15 the respective corporations and the amount so determined  
16 to be applicable to each such corporation shall be paid  
17 by the Secretary from the trust fund of such corpora-  
18 tion until the trust is liquidated, and thereafter by the  
19 corporation or other agency or official designated pur-  
20 suant to section 2 (c) hereof. Attorneys so employed,  
21 and their fees and expenses, shall be subject to the ap-  
22 proval and under the supervision of the Solicitor of  
23 the Department of Agriculture;

24 (b) accept and utilize voluntary and uncompen-  
25 sated services, and, with the consent of the agency con-



1       cerned, utilize the officers, employees, equipment, and  
2       information of any agency of the Federal Government,  
3       or of any State, Territory, or political subdivision;

4           (c) make such rules and regulations and such dele-  
5       gations of authority as he deems necessary to carry out  
6       the purposes of this Act.

7       SEC. 5. None of the properties or assets held on the  
8       date of the approval of this Act by the Secretary as trustee  
9       pursuant to trust agreements with the various State rural  
10      rehabilitation corporations may be used by the Secretary for  
11      any purpose after the effective date of this Act, except for  
12      the purposes authorized under section 2 (d) of this Act, and  
13      for loans made prior to July 1, 1949, and to be repaid in  
14      full no later than May 1, 1952, but otherwise consistent  
15      with the provisions of title II of the Bankhead-Jones Farm  
16      Tenant Act, as amended (7 U. S. C. A. 1007), where  
17      necessary to supplement credit already extended to bor-  
18      rowers from corporation trust funds.

19      SEC. 6. (a) The determination of the Secretary with  
20      respect to the assets to be returned to each State rural  
21      rehabilitation corporation or other agency or official desig-  
22      nated pursuant to section 2 (c) hereof including, but not  
23      limited to interests in properties held jointly for such  
24      corporation and the United States, the partition of real  
25      property, the expenses incident to each transfer, the

1 liabilities applicable to such properties, and all other  
2 phases of the transfer shall be final and conclusive upon  
3 each State rural rehabilitation corporation or such successor  
4 agency or official designated pursuant to section 2 (c)  
5 hereof, and upon all officers and agencies of the United  
6 States.

7 (b) The Secretary shall be saved harmless against any  
8 personal liability he may incur in carrying out the provisions  
9 of this Act.

10 SEC. 7. Section 2 (f) of the Act of August 14, 1946  
11 (60 Stat. 1062), is hereby repealed.

81ST CONGRESS  
1st Session

**S. 930**

[Report No. 403]

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## **A BILL**

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

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By Mr. ANDERSON, Mr. YOUNG, Mr. LANGER,  
and Mr. PEPPER

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FEBRUARY 14, 1949

Read twice and referred to the Committee on  
Agriculture and Forestry

MAY 19 (legislative day, APRIL 11), 1949

Reported without amendment







such work was at least equal to the compensation which would have been payable for such work had the amendment made by section 1 of this act been in effect at the time of such payment.

Mr. SALTONSTALL. Mr. President, the bill is not in my book. I have no personal objection to it, but I believe it should be explained or that we should have a copy of it.

Mr. HILL. Mr. President, this bill passed the House of Representatives by a vote of 230 to 7. It is for the purpose of clarifying the Fair Labor Standards Act. Is the Senator familiar with that act?

Mr. SALTONSTALL. I know what the bill is now, and I have no objection.

The VICE PRESIDENT. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to clarify the overtime compensation provisions of the Fair Labor Standards Act of 1938, as amended."

#### LIQUIDATION OF TRUSTS UNDER TRANSFER AGREEMENTS

The bill (S. 930) to provide for the liquidation of trusts under the transfer agreements with State rehabilitation corporations, and for other purposes, was announced as next in order.

Mr. WILLIAMS. Mr. President, may we have an explanation of the bill?

Mr. ANDERSON. Mr. President, the bill provides for transferring back to the States approximately \$50,000,000 worth of assets, representing money originally granted for rehabilitation purposes in 1934, 1935, and 1936. The funds were granted to the States.

Transfer agreements were entered into between the individual State rural rehabilitation corporations and the administrator of the Resettlement Administration.

The Senator from North Dakota is extremely interested in this bill. He came to the Department sometime ago and tried to get a transfer to the States. Some officials feel that the assets should remain in the Federal Government and be given to the Farm Credit Administration. The States believe the money should go back to them and be used for rural rehabilitation within those States. The Senator from North Dakota was very persuasive when he came to see me in another capacity. I tried at that time to get a bill reported, but it did not then seem possible. Since then we have tried to bring the matter to a head and make it possible for the funds to get out of the situation in which they are at this time.

Mr. WILLIAMS. What is the feeling of the Department?

Mr. ANDERSON. It is against this bill. It feels that the funds should be retransferred to the Farm Credit Administration, but it is the feeling of the Senator from North Dakota and it is

my feeling, and I think, the feeling of some other persons, that the funds should be transferred back to the States to whom they were originally granted.

Mr. WILLIAMS. Do I understand that the Senator is in favor of the bill?

Mr. ANDERSON. Yes.

Mr. WILLIAMS. I have no objection.

The VICE PRESIDENT. Is there objection to the consideration of the bill? The Chair hears none.

There being no objection.

The bill (S. 930) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That this act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within 5 years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States, and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties shall be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the corporation when accepted by the Secretary on behalf of the United States, that the corporation will abide by the determinations and apportionments of the Secretary provided for in this act and the payments made by the Secretary pursuant to this act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the corporation and the Secretary; and that not to exceed 3 percent of the book value of the corporation's assets will be expended by the corporation for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this act by the Secretary as trustee for the account of such State corporation, except that the Secretary may de-

duct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this act within 5 years from the effective date hereof or disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

SEC. 3. The provisions of this act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order No. 9070, or otherwise. For the purposes of this act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil-service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this act, and in the entering into of agreements with the corporations, or other agencies or officials, designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

SEC. 5. None of the properties or assets held on the date of the approval of this act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this act, except for the purposes authorized under section 2 (d) of this act, and for loans made prior to July 1, 1949,



and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1607), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

SEC. 7. Section 2 (f) of the act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

#### EXTENSION OF TIME FOR COMPLETION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS—BILL PASSED OVER

The bill (H. R. 1754) extending the time for the completion of annual assessment work on mining claims held by location in the United States for the year ending at 12 o'clock meridian July 1, 1949, was announced as next in order.

Mr. O'CONOR. Mr. President, inasmuch as certain phases of this bill are under consideration, may I ask that it go to the foot of the calendar?

The VICE PRESIDENT. Without objection, the bill will go to the foot of the calendar.

#### AMENDMENT TO DEPARTMENT OF AGRICULTURE ACT OF 1944

The bill (S. 1760) to amend section 101 (b) of the Department of Agriculture Act of 1944 (58 Stat. 734; 7 U. S. C. 429), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That section 101 (b) of the Department of Agriculture Organic Act of 1944 (58 Stat. 734; 7 U. S. C. 429) is hereby amended to read as follows:

"The Secretary of Agriculture is authorized to cooperate with State authorities and with the authorities of the District of Columbia, Alaska, Hawaii, and Puerto Rico in the administration of regulations for the improvement of poultry, poultry products, and hatcheries."

#### AMENDMENT TO DEPARTMENT OF AGRICULTURE ORGANIC ACT OF 1944

The Senate proceeded to consider the bill (S. 1749) to amend section 102 (a) of the Department of Agriculture Organic Act of 1944 to authorize the Secretary of Agriculture to carry out operations to combat blackfly, white-fringed beetle, and the Hall scale, which had been reported from the Committee on Agriculture and Forestry with an amendment on page 1, line 8, after the word "beetle", to insert "wheat-stem sawfly," so as to make the bill read:

*Be it enacted, etc.,* That section 102 (a) of the Department of Agriculture Organic Act of 1944 (act of September 21, 1944, 58 Stat. 735; 7 U. S. C. 147a (a)) be amended by deleting the word "and" immediately fol-

lowing the word "borer"; by adding a comma and the words "citrus blackfly, white-fringe beetle, wheat-stem sawfly, and Hall scale" between the word "weevil" and the immediately following colon; and by adding the words "citrus blackfly," immediately following the comma after the word "fruitflies" in the proviso.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 102 (a) of the Department of Agriculture Organic Act of 1944 to authorize the Secretary of Agriculture to carry out operations to combat the citrus blackfly, white-fringed beetle, wheat-stem sawfly, and the Hall scale."

#### TEMPORARY DEFERMENT OF ASSESSMENT WORK ON MINING CLAIMS—BILL PASSED OVER

The bill (H. R. 3754) providing for the temporary deferment in certain unavoidable contingencies of annual assessment work on mining claims held by location in the United States was announced as next in order.

Mr. O'CONOR. Mr. President, I ask that the bill go to the foot of the calendar.

The VICE PRESIDENT. The bill will go to the foot of the calendar.

#### BILL PASSED OVER

The bill (S. 1464) to amend the provisions of the Agricultural Adjustment Act relating to marketing agreements and orders was announced as next in order.

Mr. SALTONSTALL. Mr. President, I ask that this bill go over until the next call of the calendar. I do not know that I shall object to it at the next call.

The VICE PRESIDENT. The bill will be passed over.

#### MODIFICATION OF FLOOD CONTROL PROJECT ON THE HEART RIVER, MANDAN, N. DAK.

The bill (S. 1324) to provide for the modification of the Corps of Engineers flood-control project on the Heart River at Mandan, N. Dak., was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, I wonder if we may have a statement of cost in connection with this contemplated modification.

Mr. YOUNG. Mr. President, it would relieve the city of Mandan of a cost of approximately \$76,000. The original requirement was much higher than is the case in the usual flood-control project. The Army engineers testified before the Appropriations Committee that over the years this little town of 7,000 persons had suffered damages totaling more than \$5,000,000. The average loss and damage since 1943 amounted to \$175,000 a year. For the past 3 years and for several years previously the east-west Federal highway has been under water in the town of Mandan for approximately a period of from 10 to 12 days or longer when there has been a flood. There has been water on the main floor of the post office during most of the floods. The city of Mandan is not able to meet the

costs. Its levies are limited and its bonds are limited.

Mr. HENDRICKSON. I have no objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 1324) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the project for flood protection at Mandan, N. D., on the Heart River, authorized substantially in accordance with the recommendations of the Chief of Engineers in House Document No. 294, Seventy-ninth Congress, first session, by the Flood Control Act of 1946 (60 Stat. 641), is hereby modified to provide that the United States shall construct the necessary works and alterations to provide for interior drainage.

SEC. 2. There is hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this act.

#### MISSISSIPPI RIVER BRIDGES, IOWA AND ILLINOIS

The bill (S. 1577) to revive and reenact, as amended, the act entitled "An act creating the City of Clinton Bridge Commission and authorizing said commission and its successors to acquire by purchase or condemnation and to construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Clinton, Iowa, and at or near Fulton, Ill., approved December 21, 1944, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the act approved December 21, 1944, authorizing the City of Clinton Bridge Commission to acquire, construct, maintain, and operate a bridge or bridges, including approaches thereto, across the Mississippi River at or near the cities of Clinton, Iowa, and Fulton, Ill., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void insofar as it authorizes the construction of a bridge or bridges unless the actual construction thereof be commenced within 3 years and completed within 5 years from the date of approval hereof: *And provided further*, That section 5 of said act, approved December 21, 1944, is hereby amended to read as follows:

"SEC. 5. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of such bridge, or bridges as may be acquired, reconstructed, or constructed, as herein provided, and approaches (including the approach highways, which, in the judgment of the commission, it is necessary or advisable to construct or cause to be constructed to provide suitable and adequate connection with existing improved highways), and the necessary land easements and appurtenances thereto, by an issue or issues of negotiable serial bonds of the commission, bearing interest, payable semiannually, at the rate of not more than 6 percent per annum, the principal and interest of which bonds shall be payable solely from the funds provided in accordance with this act, and such payments may be further secured by mortgage of the bridge or bridges. All such bonds may be registered as to principal alone or both principal and interest, shall be payable as to principal within not to exceed 25 years from the date thereof, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the commission may determine, and the face amount thereof shall be so calculated as to produce, at the price of their







81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 930

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IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1949

Referred to the Committee on Agriculture

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## AN ACT

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That this Act may be cited as the "Rural Rehabilitation  
4     Corporation Trust Liquidation Act".

5     SEC. 2. (a) The Secretary of Agriculture (hereinafter  
6     referred to as the "Secretary") is hereby authorized and  
7     directed to take such action as may be appropriate and  
8     necessary to liquidate, as expeditiously as possible but within  
9     five years from the effective date of this Act, trusts under  
10    the transfer agreements with the several State rural rehabili-

1 tation corporations, and is hereby authorized and directed  
2 to negotiate with responsible officials to that end.

3 (b) The Secretary, insofar as is necessary to protect  
4 the interests of the United States, and the corporations shall  
5 proceed forthwith to the conversion to cash of investments  
6 constituting the trust assets by sale of real and personal  
7 properties, and by collection of loans and accounts receivable  
8 according to the tenor of such obligations.

9 (c) An application for the return of such properties  
10 shall be made to the Secretary by the State rural rehabilita-  
11 tion corporation pursuant to appropriate resolution of its  
12 board of directors. The application shall contain a covenant,  
13 binding upon the corporation when accepted by the Secre-  
14 tary on behalf of the United States, that the corporation  
15 will abide by the determinations and apportionments of the  
16 Secretary provided for in this Act and the payments made  
17 by the Secretary pursuant to this Act, that the returned  
18 assets and the income therefrom will be used only for such  
19 of the rural rehabilitation purposes permissible under the  
20 corporation's charter as may from time to time be agreed  
21 upon by the corporation and the Secretary; and that not  
22 to exceed 3 per centum of the book value of the corporation's  
23 assets will be expended by the corporation for administra-  
24 tive purposes during any year, without the approval of the  
25 Secretary of Agriculture. If the rural rehabilitation corpo-

1 ration of any State has been dissolved and is not revived  
2 or reincorporated or, for any other reason, is unable to  
3 make such application or to accept and administer such  
4 properties, the application and subsequent agreements may  
5 be made by such other agency or official of that State as  
6 may be designated by the State legislature. The Secretary  
7 may transfer the trust funds or properties of such corporation  
8 to such successor agency or official if adequate provisions  
9 are made by the State legislature for holding the United  
10 States and the Secretary free from liability by virtue of  
11 the transfer to such successor agency or official.

12 (d) Except as hereinafter provided, upon receipt of  
13 appropriate application meeting the requirements of this Act,  
14 the Secretary shall do all things necessary to return to each  
15 such applicant all right, title, and interest of the United  
16 States in and to all cash, real and personal property, or the  
17 proceeds thereof, held on the date of the approval of this  
18 Act by the Secretary as trustee for the account of such State  
19 corporation, except that the Secretary may deduct from the  
20 funds of each such State corporation the expenses incident  
21 to completion of such transfer: *Provided*, That such transfer  
22 shall, insofar as possible, be accomplished in a manner con-  
23 sistent with the provisions of the trust agreement with each  
24 State rural rehabilitation corporation.

25 (e) In the event no application is made, as provided



1 for in this Act, within five years from the effective date  
2 hereof or disclaimer or release of interest under the trust  
3 transfer agreement by any State through its legislature, the  
4 Secretary shall cause all proceeds from assets held under or  
5 for the account of the transfer agreement with that State to  
6 be covered into miscellaneous receipts in the United States  
7 Treasury.

8       SEC. 3. The provisions of this Act shall apply also to  
9 all properties and assets of State rural rehabilitation corpora-  
10 tions held by Federal agencies other than the Department  
11 of Agriculture under the provisions of Executive Order Num-  
12 bered 9070, or otherwise. For the purposes of this Act  
13 the assets of other corporations, derived through the use of  
14 Federal Emergency Relief Administration funds, and made  
15 available to them through State rural rehabilitation corpora-  
16 tions or otherwise acquired by them for rural rehabilitation  
17 purposes, shall be considered as a part of the trust property  
18 of the State rural rehabilitation corporations in their respec-  
19 tive States.

20       SEC. 4. For the purposes of this Act, the Secretary  
21 shall have the power to—

22           (a) employ on a contract basis (without regard  
23 to the provisions of the civil-service laws or the Classi-  
24 fication Act of 1923, as amended, but the contract shall  
25 in each case specify what civil-service and related laws,

1 if any, shall be applicable to the employment after it  
2 has been made) such appraisers, accountants, attorneys,  
3 and other personnel as he may deem necessary, in the  
4 District of Columbia and elsewhere, to aid in the liquida-  
5 tion and transfer of the properties and assets pursuant  
6 to this Act, and in the entering into of agreements with  
7 the corporations, or other agencies or officials, desig-  
8 nated pursuant to section 2 (c) hereof, regarding the  
9 rural rehabilitation purposes for which the property  
10 and assets shall thereafter be used by them, and in  
11 determining that such agreed purposes are being car-  
12 ried out. The fees, salaries, and expenses of such ap-  
13 praisers, accountants, attorneys, and other personnel  
14 shall be equitably apportioned by the Secretary among  
15 the respective corporations and the amount so determined  
16 to be applicable to each such corporation shall be paid  
17 by the Secretary from the trust fund of such corpora-  
18 tion until the trust is liquidated, and thereafter by the  
19 corporation or other agency or official designated pur-  
20 suant to section 2 (c) hereof. Attorneys so employed,  
21 and their fees and expenses, shall be subject to the ap-  
22 proval and under the supervision of the Solicitor of  
23 the Department of Agriculture;

24 (b) accept and utilize voluntary and uncompen-  
25 sated services, and, with the consent of the agency con

cerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

SEC. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the

1 liabilities applicable to such properties, and all other  
2 phases of the transfer shall be final and conclusive upon  
3 each State rural rehabilitation corporation or such successor  
4 agency or official designated pursuant to section 2 (c)  
5 hereof, and upon all officers and agencies of the United  
6 States.

7 (b) The Secretary shall be saved harmless against any  
8 personal liability he may incur in carrying out the provisions  
9 of this Act.

10 SEC. 7. Section 2 (f) of the Act of August 14, 1946  
11 (60 Stat. 1062), is hereby repealed.

Passed the Senate May 23, 1949.

Attest:

LESLIE L. BIFFLE,

*Secretary.*



81ST CONGRESS  
1st Session

## S. 930

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### AN ACT

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To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

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MAY 24, 1949

Referred to the Committee on Agriculture





U. S. C. 503 (c)), is hereby amended to read as follows:

"(c). Payment of pension under the provisions of this act shall not be made to any widow without child, or a child, whose annual income exceeds \$1,200 or to a widow with a child or children whose annual income exceeds \$2,500."

Sec. 5. No pension or increase of pension authorized pursuant to this act shall be paid to any person who advocates or is a member of an organization that advocates the overthrow of the Government of the United States by force or violence: *Provided*, That there shall be considered as prima facie evidence, for the purposes hereof, an affidavit by a person that he does not advocate and is not a member of an organization that advocates the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates or is a member of an organization that advocates the overthrow of the Government of the United States by force or violence, and accepts any pension or increase of a pension authorized pursuant to this act, shall be guilty of a felony, and upon conviction shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *And provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Sec. 6. Where eligibility for pension or increase of pension is established by virtue of this act, pension shall be paid from date of receipt of application therefor in the Veterans' Administration, but in no event prior to the first day of the second calendar month following the enactment of this act: *Provided*, That payment of death pension may be made from date of death of a veteran where claim therefor is filed within 1 year after date of death of the veteran, but no payment shall cover a period prior to the first day of the second calendar month following the enactment of this act.

Mr. RANKIN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, the bill to be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk will report the committee amendment.

The Clerk read as follows:

Line 19, page 4, after the word "guilty", insert the word "of."

The committee amendment was agreed to.

Mr. RANKIN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GORE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4614) to liberalize the requirement for payment of pension in certain cases to veterans and their widows and children, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. RANKIN. Mr. Speaker, I move the previous question on the bill and amendment thereto to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. DAVIS of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DAVIS of Wisconsin. I am, in its present form.

The SPEAKER. Does any Member unqualifiedly opposed to the bill have a motion to recommit? [After a pause.] The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DAVIS of Wisconsin moves to recommit the bill to the Committee on Veterans' Affairs.

Mr. RANKIN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. DAVIS of Wisconsin. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. RANKIN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 365, nays 27, answered "present" 5, not voting 34, as follows:

[Roll No. 107]

YEAS—365

Abbitt	Breen	Curtis
Abernethy	Brehm	Dague
Addonizio	Brooks	Davenport
Albert	Brown, Ga.	Davis, Ga.
Allen, Calif.	Brown, Ohio	Dawson
Allen, Ill.	Bryson	Deane
Allen, La.	Buchanan	DeGraffenried
Andersen	Buckley, Ill.	Delaney
H. Carl	Buckley, N. Y.	Denton
Anderson, Calif.	Bulwinkle	D'Ewart
Andresen	Burdick	Dingell
August H.	Burke	Dollinger
Andrews	Burleson	Dondero
Angell	Burnside	Donohue
Arends	Burton	Doughton
Aspinall	Byrne, N. Y.	Douglas
Auchincloss	Camp	Durham
Bailey	Canfield	Eberharter
Barden	Cannon	Elliott
Baring	Carnahan	Ellsworth
Barrett, Pa.	Carroll	Engel, Mich.
Barrett, Wyo.	Case, S. Dak.	Engle, Calif.
Bates, Ky.	Celler	Evins
Bates, Mass.	Chatham	Fallon
Beall	Chelf	Feighan
Beckworth	Chesney	Fellows
Bennett, Fla.	Chiperfield	Fenton
Bennett, Mich.	Christopher	Fernandez
Bentsen	Chudoff	Fisher
Biemiller	Church	Flood
Bishop	Clemente	Fogarty
Blackney	Cole, Kans.	Forand
Bland	Colmer	Ford
Blatnik	Cooley	Frazier
Boggs, Del.	Cooper	Fugate
Boggs, La.	Corbett	Fulton
Bolling	Cotton	Furcolo
Bolton, Md.	Cox	Garmatz
Bolton, Ohio	Crawford	Gathings
Bonner	Crook	Gavin
Boykin	Crosser	Gillette
Bramblett	Cunningham	Golden

Goodwin	Lynch	Rhodes
Gordon	McCarthy	Ribicoff
Gore	McConnell	Richards
Gorski, Ill.	McCulloch	Riehlman
Gorski, N. Y.	McDonough	Rivers
Gossett	McGrath	Rodino
Graham	McGregor	Rogers, Fla.
Granahan	McGuire	Rogers, Mass.
Granger	McKinnon	Rooney
Grant	McMillan, S. C.	Sabath
Green	McMillen, Ill.	Sadlak
Gregory	McSweeney	Sadowski
Gross	Mack, Ill.	St. George
Hagen	Mack, Wash.	Sanborn
Halleck	Madden	Sasser
Hand	Magee	Scott, Hardie
Harden	Mahon	Scott,
Hardy	Mansfield	Hugh D., Jr.
Hare	Marcantonio	Scrivner
Harris	Marsalis	Scudder
Hart	Martin, Iowa	Secrest
Harvey	Martin, Mass.	Shafer
Havener	Mason	Sheppard
Hays, Ark.	Merrow	Short
Hays, Ohio	Meyer	Simpson, Ill.
Hébert	Michener	Simpson, Pa.
Hedrick	Miles	Smathers
Heffernan	Miller, Calif.	Smith, Kans.
Heller	Miller, Md.	Smith, Wis.
Herlong	Miller, Nebr.	Spence
Hertler	Mills	Staggers
Hill	Mitchell	Steed
Hinshaw	Monroney	Stefan
Hoeven	Morgan	Stigler
Hoffman, Ill.	Morris	Stockman
Hoffman, Mich.	Morrison	Sullivan
Holfield	Moulder	Sutton
Holmes	Multer	Tackett
Hope	Murdock	Talle
Horan	Murray, Tenn.	Tauriello
Howell	Murray, Wis.	Taylor
Huber	Nelson	Thomas, Tex.
Irving	Nicholson	Thompson
Jackson, Calif.	Nixon	Thornberry
Jackson, Wash.	Norblad	Tollefson
James	Norrell	Trimble
Jenkins	O'Brien, Ill.	Underwood
Jennings	O'Brien, Mich.	Van Zandt
Jensen	O'Hara, Ill.	Velde
Johnson	O'Konski	Vinse
Jonas	O'Neill	Vorys
Jones, Ala.	O'Sullivan	Vursell
Jones, Mo.	O'Toole	Wagner
Jones, N. C.	Pace	Walter
Karst	Fatman	Welch
Karsten	Patten	Welch, Calif.
Kearney	Patterson	Welch, Mo.
Kearns	Perkins	Werdell
Keating	Pfeifer	Wheeler
Keefe	Joseph L.	White, Calif.
Kelley	Pfeiffer	Whitten
Kennedy	William L.	Whittington
Keogh	Philbin	Wickersham
Kerr	Phillips, Calif.	Wier
Kilday	Phillips, Tenn.	Wigglesworth
King	Pickett	Williams
Kirwan	Poage	Willie
Klein	Polk	Wilson, Ind.
Kruse	Potter	Wilson, Okla.
Kunkel	Poulson	Winstead
Lane	Powell	Withrow
Lanham	Preston	Wolcott
Larcade	Price	Wolverton
Latham	Quinn	Wood
LeCompte	Rabaut	Woodhouse
LeFevre	Rains	Woodruff
Lemke	Ramsay	Worley
Lesinski	Rankin	Yates
Lind	Redden	Young
Linehan	Reed, Ill.	Zablocki
Lodge	Reed, N. Y.	
Lyle	Rees	

NAYS—27

Battle	Gwinn	Noland
Byrnes, Wis.	Hale	Rich
Case, N. J.	Hall	Smith, Va.
Cole, N. Y.	Leonard W.	Stanley
Coudert	Harrison	Taber
Davis, Wis.	Heseltan	Teague
Eaton	Jacobs	Towe
Elston	Kean	Wilson, Tex.
Gamble	Kilburn	
Gary	Morton	

ANSWERED "PRESENT"—5

Hobbs	McCormack	Wadsworth
Judd	Macy	
Bosone	Cavalcante	Combs
Carlyle	Clevenger	Davies, N. Y.

NOT VOTING—34



Davis, Tenn.	Lichtenwalter	Priest
Dolliver	Lovre	Regan
Doyle	Lucas	Sikes
Gilmer	Marshall	Sims
Hall,	Murphy	Smith, Ohio
Edwin Arthur	Norton	Thomas, N. J.
Hull	O'Hara, Minn.	Walsh
Javits	Passman	Whitaker
Jenison	Peterson	White, Idaho
Kee	Plumley	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Passman for, with Mr. Hobbs against.  
Mr. Priest for, with Mr. Macy against.  
Mr. Doyle for, with Mr. Judd against.  
Mr. Peterson for, with Mr. Wadsworth against.  
Mr. Lovre for, with Mr. McCormack against.  
Mr. Sikes for, with Mr. Sims against.

General pairs until further notice:

Mr. Carlyle with Mr. Lichtenwalter.  
Mr. Gilmer with Mr. O'Hara of Minnesota.  
Mr. Calvalcanti with Mr. Dolliver.  
Mr. Davies of New York with Mr. Janison.  
Mr. Regan with Mr. Smith of Ohio.  
Mr. Walsh with Mr. Plumley.  
Mr. Whitaker with Mr. Clevenger.  
Mr. Murphy with Mr. Hull.  
Mr. Lucas with Mr. Edwin Arthur Hall.  
Mr. Davis of Tennessee with Mr. Thomas of New Jersey.  
Mr. Marshall with Mr. Javits.

Mr. WADSWORTH. Mr. Speaker, I have a live pair with the gentleman from Florida, Mr. PETERSON. I voted "nay." If present he would have voted "aye." I therefore withdraw my vote and answer "present."

Mr. HOBBS. Mr. Speaker, I voted "nay." I have a pair with the gentleman from Louisiana, Mr. PASSMAN. Were he present he would have voted "aye." I therefore withdraw my vote and answer "present."

Mr. McCORMACK. Mr. Speaker, I have a live pair with the gentleman from North Dakota, Mr. LOVRE. I voted "nay." If present, he would have voted "aye." I therefore withdraw my vote and answer "present."

Mr. JUDD. Mr. Speaker, on this roll call I voted "nay." I have a live pair with the gentleman from California, Mr. DOYLE. Were he present he would have voted "aye." I therefore withdraw my vote and answer "present."

Mr. MACY. Mr. Speaker, I have a live pair with the gentleman from Tennessee, Mr. PRIEST. I voted "nay." Were he present he would have voted "aye." I therefore withdraw my vote and ask to be recorded present.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to liberalize the requirement for payment of pension in certain cases to veterans and their widows and children, and for other purposes."

A motion to reconsider was laid on the table.

#### REQUEST FROM SENATE FOR RETURN OF BILL

The SPEAKER laid before the House the following communication, which was read by the Clerk:

SENATE OF THE UNITED STATES.  
Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 930) entitled "An act to provide for the liquidation of the trusts under the transfer agreements with

State rural rehabilitation corporations, and for other purposes."

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### AMENDMENT OF CHARTER OF COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 900) to amend the Commodity Credit Corporation Charter Act, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, MONRONEY, WALTER, GAMBLE, and KUNKEL.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. WHITAKER. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### ANNOUNCEMENT

Mr. WHITAKER. Mr. Speaker, I wish these few seconds to explain that I was unavoidably detained on the last roll call. Had I been present I would have voted "aye."

#### SPECIAL ORDER GRANTED

Mr. BURKE. Mr. Speaker, I ask unanimous consent to address the House for 1 hour on Monday next at the close of the legislative business of the day on the subject of accident-prevention legislation for hazardous industries.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### EXTENSION OF REMARKS

Mr. BURDICK asked and was given permission to extend his own remarks in the Record.

Mr. JUDD asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and in each to include extraneous matter.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in three instances and in each to include extraneous matter.

Mr. SANBORN asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. JOHNSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. WILLIAM L. PFEIFFER asked and was given permission to extend his remarks in the RECORD in two instances and to include in each extraneous matter.

Mr. BARRETT of Pennsylvania asked and was given permission to extend his own remarks in the RECORD.

Mr. ROONEY asked and was given permission to extend his remarks in the

RECORD and include an editorial from *Il Progresso Italo-Americano*.

Mr. TRIMBLE asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD and include a petition.

Mr. O'SULLIVAN asked and was given permission to extend his own remarks in the Appendix of the RECORD and include two newspaper articles.

#### AMENDMENT TO DISPLACED PERSONS ACT OF 1948

Mr. SABATH. Mr. Speaker, I call up House Resolution 26 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4567) to amend the Displaced Persons Act of 1948. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minutes rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I yield myself such time as I might desire to utilize.

Mr. Speaker, in the last Congress a displaced persons bill was passed to take care, at least in part, of the unfortunate conditions of displaced persons. However, due to certain restrictions and limitations contained in that bill, very few of those whom we were trying to aid and assist have actually been permitted to enter our country.

The present bill, which will be considered if this resolution is passed, amends the Displaced Persons Act of 1948 so as to change the "cut-off" date from December 22, 1945, to January 1, 1949; it eliminates the statutory preferences of 40 percent and 30 percent, respectively, for displaced persons whose place of origin or country of nationality has been de facto annexed by a foreign power, or who are agriculturists; it increases by 2,000 the number of displaced orphans to be admitted as nonquota immigrants; it authorizes the issuance to displaced persons and to displaced orphans in the western zones of Germany and Austria, and in Italy and to certain other categories of prospective immigrants, of immigration visas not to exceed 339,000; it provides for the proper quota reductions; it changes the "cut-off" date for displaced persons already in the United States, from April 1, 1948, to April 1, 1949; it adjusts preferences in the admission of displaced persons by including farmers and farm workers into the first-preference category; it extends for two more years, until July 1, 1952, the program of admission of "persons of German ethnic origin" under the German quota and







59. If the District revenue exceeds its expense, what happens to the excess revenues?

Provision is made for surplus revenues to be set aside to be used exclusively for the construction, repair, and improvement of public schools in the District, which is greatly needed.

60. Is the Federal contribution justified?

Yes; the Federal Government owns more than 51 percent of the land area in the District, from which no tax revenue is obtainable. From the other 49 percent of the land, the District obtained \$31,500,000 in revenue in 1948.

Roughly, on the basis of land area, the Federal Government in contributing \$20,000,000 is not contributing more than its share.

61. What are some of the things the bill does not do?

The bill does not provide for national representation; does not affect the judicial system of the District, and in no way changes the substantive law of the District.

#### FEDERAL TAX, SPENDING, AND DEBT POLICIES—REFERENDUM AMONG READERS OF OMAHA (NEBR.) WORLD-HERALD

Mr. WHERRY. Mr. President, during the past week thousands of Nebraskans have delivered an overwhelming ultimatum to Nebraska Members of Congress for not only a reduction in current Federal expenditures but also against new spending programs which currently are being urged upon them.

This voluntary referendum has come to Members of the Nebraska congressional delegation in the form of ballots published May 11 in the Omaha World-Herald, which circulates throughout the State of Nebraska and surrounding areas.

The World-Herald ballots invited readers to express themselves for or against a 10-percent cut in all Federal expenditures, subject to adjustment. It also invited its readers to express themselves for or against seven pending governmental programs which would commit the Federal Government to additional expenditures, and on the subject of income and pay-roll taxes.

These ballots were inspired by the warnings, which several of us have been sounding on the Senate floor, that we face the inescapable choice of increasing Federal taxes, resorting again to deficit spending, or reducing Federal expenditures. Particularly was this referendum a response to the stirring speech delivered on this floor on May 6 by the distinguished senior Senator from Virginia, the Honorable HARRY BYRD, on the fiscal situation which presently confronts this country.

In a full page devoted to the Federal fiscal problem, and carrying the ballots to which I refer, the World-Herald stated:

The only way you can influence the amount of Federal taxes you and your children and your grandchildren are going to pay is by telling our Congressman and Senators what you think about tax-consuming proposals. You will pay these proposed taxes directly or indirectly, as the Federal Government hasn't a cent except what it takes from all of us in taxes.

Printed on this page are two ballots. You can vote just how you feel about the administration plans after weighing the cost.

The ballot to the left is for your Congressman. That on the right is for your two Senators.

Vote your opinions and mail one ballot to your Congressman and one to either of your Senators.

Do you believe that you can afford—or that you want—the things listed in the ballots on this page?

Please clip out the ballots, mark them, and mail them today.

Mr. President, as a result of this invitation, my own office has been literally swamped by more than 6,000 marked ballots from persons in every walk of life. I am advised that the office of my colleague [Mr. BUTLER] has likewise been deluged with an almost equal number of ballots. Heavy response also flowed into the offices of the four Nebraska Members of the House of Representatives. It is my conservative estimate that between ten and twelve thousand readers have expressed themselves to the two Nebraska senatorial offices and an equal number to the offices of the four Nebraska House Members.

Every person participating in the referendum did so on his own initiative. Those people sprang at the opportunity to express their deep concern with Federal spending, Federal tax policies, and Federal debt policies. Each clipped his own ballot, used his own stamp to mail the ballot, and thousands took the further trouble to mail a personal letter expanding their own opinions.

The result of the referendum is so overwhelming in favor of cutting Federal expenditures, and so lopsidedly against increased taxes and against new spending for additional Government programs, that I directed workers in my own office to retabulate the result, for the sake of accuracy.

At this point, I call attention to the exact wording of the ballot and the results of the vote on the eight submitted questions. I am advised that the vote on the ballots I received is in the same ratio as that shown on the ballots received by my colleague, the senior Senator from Nebraska [Mr. BUTLER] and our Nebraska delegation in the House of Representatives.

The ballot and results of the votes cast by the 6,003 persons who mailed their opinions to me are as follows:

How do you feel about—	For	Against
1. A straight 10-percent cut in all Federal expenditures that can be cut?-----	5,869	134
2. Secretary of Agriculture Brannan's farm plan, the cost of which Secretary Brannan himself is unable to estimate? (Senator BYRD did not estimate the cost but others have suggested figures up to \$10,000,000,000 a year for this subsidy)-----	102	5,834
3. The so-called national health plan? (This calls for increased pay-roll taxes. Senator BYRD, referring to it as "socialized medicine," estimated a \$10,000,000,000 annual cost)-----	99	5,828
4. The Federal housing program recently enacted by the Senate? (The cost of the low-rent feature alone amounts to a possible \$20,000,000,000 over 40 years, according to Senator BYRD, even if it is not later expanded.)-----	214	5,704

5. Federal aid to education, For costing \$300,000,000 the first year? (Senator BYRD does not believe the cost would ever be that low again.)-----	514	5,320
6. The ECA program costing \$5,500,000,000 for the coming year? (This is chiefly aid to Europe under the so-called Marshall plan.)-----	833	4,927
7. Arms for the North Atlantic Pact, to cost something over \$1,000,000,000 in the coming year? (Mr. BYRD thinks that estimate is too low.)-----	980	4,886
8. Increased income and payroll taxes that Senator BYRD says will be necessary to carry out the President's many recommendations for more spending?-----	96	5,876

Replies to question 6 concerning the ECA program were qualified in many cases. Qualifications were tabulated as "for," although a stricter interpretation would reduce the figure considerably. Most qualifications were in the nature of recommendations for reducing the ECA appropriation in amounts ranging from 25 to 50 percent.

Replies to the question about arms for the North Atlantic Pact include a surprising number who favored the pact but opposed the provision of arms assistance to other nations.

In connection with the No. 2 question, in regard to the Brannan farm plan, I should like to call attention to the fact that Nebraska is an agricultural State, and most of our citizens live on farms or in small communities which directly gain their living from the farm.

Mr. President, I urge the closest and most serious attention by the Senate to the overwhelming nature of these votes. In many cases the opinion of more than 6,000 typical Americans is all but unanimous. These ballots came from farmers, from laborers, from housewives, from small-business men, and from professional people. They came from people who pay Federal taxes in nearly every income bracket and from many people who pay nothing at all.

It is not my intention to represent this referendum as a mandate from the American people or as a mandate from the State of Nebraska. But I believe it could be so construed with greater force and with more logic than the claim that a certain recent election with its multitude of overlapping and confused issues was a mandate for any particular legislative action or group of legislative proposals.

It is, I believe, reasonable to assume that the voice of these 6,000 men and women is as fair an expression of Nation-wide thinking as that of any 6,000 persons who might be polled anywhere in the United States.

These ballots prove conclusively that the American people are sorely troubled by the instability of the Federal financial structure. They are saying for themselves what I have been saying for them on the Senate floor, and what the Senator from Virginia [Mr. BYRD] and certain other Senate Members have likewise



stated with great force, that we cannot have national security, domestic prosperity, or a peaceful world unless we now take resolute steps to put our national financial house in order.

Lip service will not provide the remedy. We cannot be for reduced total Federal expenditures on the one hand and for new plans which would increase the total Federal spending obligation. We cannot achieve a balanced Federal budget by cutting everyone else's project but our own.

The votes cast in this referendum, I say point the correct way, the only way, in which we can achieve governmental economy and the balanced budget which our national welfare demands.

Let these splendid Nebraska people tell in their own words why they voted as they did. I read a few excerpts from the letters which came by the bagful during this referendum. These are typical commentaries:

Mr. O. Carter, of Silver Creek, Nebr., asks, "If I, as a businessman, was already in debt for more than I was worth, and still tried to get out of debt by going deeper and deeper in debt, you would say that I was a durned fool—and I would be."

Mrs. John Milton Peters, of Bellevue, Nebr., says, "If these bills are passed, we either increase the amount of taxes we are paying now, or our country will be operating on the biggest deficit it has ever known."

Dr. Maurice D. Frazer, of Lincoln, Nebr., says, "I think it is high time that we retrench Government spending to the bone. It would seem, as the Honorable James Byrnes expressed it, that the nearest thing to immortality on this earth is a Federal bureau."

Mr. W. W. Reed, of Rosalie, Nebr., says, "I am opposed to any additional spending at this time and think we should sit tight and take a cooling-off period to determine just where we are at."

Mr. E. F. Lewis, a small-business man of Omaha, Nebr., says, "We are sick to death of hearing about billions more being appropriated for all sorts of fool things, while we are struggling to equip a small business so that it will be profitable and provide employment for at least 10 people. Tell us how we can improve working conditions, enlarge our plant, raise our employees' wages, and lower the price of our product, with pay-roll taxes increasing and taxes piled on us."

Mr. E. L. Balz, of Fremont, Nebr., "Let us get down to common sense and cut the suit according to the cloth. Stop all new wild and woolly ideas like Secretary of Agriculture Brannan's plan and others. Look into the demands of foreign countries."

Mrs. Henrietta B. Edgerly, of Omaha, Nebr., says, "All this fuss in Washington about taking care of everybody with more taxes and more subsidies seems pretty silly. Doesn't President Truman know that \$200,000,000,000 is a deficit and not a surplus?"

As one Member of the Senate, I am grateful that my people have spoken in so candid and unmistakable language. They have immeasurably fortified me, in the position to which I have worked with all possible consistency. They have renewed my own determination to see this question through to a satisfactory conclusion, and I submit to my fellow Members of the Senate that we have here, in the referendum result which I have just presented, a most valuable example of American thinking. It challenges our ability and demands our utmost attention.

#### LIQUIDATION OF TRUSTS UNDER TRANSFER AGREEMENTS—MOTION TO RECONSIDER

Mr. JOHNSON of Colorado. Mr. President, on last Monday, May 23, on the call of the caller of bills to which there was no objection Senate bill 930, Order No. 392, was considered and without objection passed.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

Mr. JOHNSON of Colorado. Unfortunately, I was not present at the time, and I do not know that I would have identified the purpose of the bill from the description of it. I had some knowledge of the proposal prior to last Monday, but I did not know that this legislation was pending. I did not identify the purposes of the legislation with the bill on the calendar. I therefore call attention to the fact that it was passed without objection. Had I known of the bill and its objectives, I certainly would have objected to its passage. As I say, I did not identify the bill, and therefore did not offer an objection.

I ask unanimous consent to reconsider the vote by which Senate bill 930 was passed.

Mr. SCHOEPPPEL. Mr. President, reserving the right to object, in view of the fact that probably some of the Members vitally interested in certain phases of the matter might not have the opportunity to present argument, if they desire to do so, in opposition to the request of the distinguished Senator from Colorado, I should like to ask if those who were interested in sponsoring the bill have been notified that the motion to reconsider would be made?

Mr. JOHNSON of Colorado. No, they have not. As I have already stated, the bill passed by unanimous consent, and certainly I would have opposed it had I known it was going to pass. The only recourse I have now is to ask for a reconsideration. That is the only way I can voice my opposition to it, and that is what I am doing.

I realize I must have unanimous consent to make such a motion at the present time, because a period of 3 days has elapsed since the passage of the bill, and the only way I can obtain reconsideration is by requesting unanimous consent for its reconsideration. I hope the Senator will not object to it. I realize the strength of the argument he makes, that perhaps if all the Senators were present some one of them might object to reconsideration of the bill. But I think as a matter of fair play, a bill on the consent calendar ought to be passed only with the unanimous consent of the Senate. That is the spirit in which we pass bills by unanimous consent. For that reason, even though I may be a little late, I still make the request and do what I can at this time to have the bill reconsidered. It may be that I do not fully understand the bill, its purposes, or the effectiveness of its language. It may

be that if I had a further explanation from its sponsors I might be convinced the bill should pass, or that perhaps amendments could be perfected which would make it satisfactory to me. Of course, if there is objection to my request there is nothing I can do about it.

Mr. SCHOEPPPEL. Mr. President, reserving the right to object, I do not want to be so presumptuous as to indicate positively that I shall object, but I think, in fairness to Senators who may not know of the position which the Senator from Colorado is now taking, we should have some indication as to the reason for the position he takes at this time.

Mr. JOHNSON of Colorado. First, I want to say to the Senator that the bill was passed in my absence. If it was passed in the absence of some other Senators, they are at least receiving the same consideration I received and which I should expect to receive when I am not present to object.

Mr. SCHOEPPPEL. I may say to the distinguished Senator from Colorado that I shall not object, but I want to know what the basic reasons are which the Senator has in mind.

Mr. JOHNSON of Colorado. My reason is that, as I understand the bill, it proposes to turn over to the States \$52,000,000 which really belongs to the United States Government. It may be that the States should have the money. It was turned over to them once, through a technicality, for rehabilitation purposes during the depression, but through some technicality, the money did not go to the States. My purpose is to have a full explanation and a full consideration of the bill. That is what I am seeking. The only way I can do it is to proceed in the way in which I am proceeding.

Mr. SCHOEPPPEL. I withdraw any objection I have.

Mr. JOHNSON of Colorado. Mr. President, I renew my request for unanimous consent that the vote by which Senate bill 930 was passed be reconsidered.

The PRESIDING OFFICER. Is there objection to the request for reconsideration of the bill? The Chair hears none, and the vote by which the bill was passed is reconsidered.

Mr. JOHNSON of Colorado. Mr. President, I now move that the House of Representatives be requested to return the bill to the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado.

The motion was agreed to.

#### HOME RULE FOR THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (S. 1527) to provide for home rule and reorganization in the District of Columbia.

Mr. HOLLAND. Mr. President, I wish to address myself briefly to the important subject—and I think it is a highly important subject—presented by the pending District home rule bill, the Kefauver bill, which is entitled to a great deal more consideration than it is apparently receiving, when one looks over the Senate Chamber at this time.







## RURAL REHABILITATION TRUST FUNDS

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JULY 8, 1949.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### R E P O R T

[To accompany H. R. 2392]

The Committee on Agriculture, to whom was referred the bill (H. R. 2392) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

#### AMENDMENTS

Page 1, line 9, strike out the word "five" and insert in lieu thereof the word "three".

Page 2, line 10, strike out the word "shall" and insert in lieu thereof the word "may".

Page 4, line 1, strike out the word "five" and insert in lieu thereof the word "three".

Page 4, line 2, after the words "hereof or" insert the words "upon receipt of a".

Page 4, line 6, after the words "covered into" strike out the rest of the sentence and insert in lieu thereof the following:

the Treasury of the United States as a revolving fund to be used by the Secretary only within that State for the purposes of and subject to all the provisions of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended.

#### STATEMENT

The purpose of this bill is to provide for final disposition of funds which were granted to the States in the years 1933 through 1935 for purposes of rural relief, which were not completely expended at the



time, and which for the past several years have been held in trust by the Secretary of Agriculture under transfer agreements with the States.

These agreements were entered into between the State rural rehabilitation corporations and the United States. They are legally binding instruments under which specified assets of the corporations were placed in trust with the Secretary of Agriculture for administration by him within the various States, in conformity with the charters of the various State rural rehabilitation corporations, and under terms and conditions stipulated in the trust agreements.

The Farmers Home Administration Act of 1946 directed that these trusts be "liquidated", but gave no directions nor established any policy as to the disposition of the funds arising through such liquidation. In the case of a number of the trust agreements, there is no doubt that the terms of the agreement require a return of these assets to the State, and some of the States are prepared to bring the matter to litigation in order to enforce their claim if there is any other disposition of the trust assets. Other States have permitted the life of their rural rehabilitation corporations to expire and will apparently be satisfied with any disposition of the trust funds which provide an equitable arrangement for their use within the State.

This bill offers the States the alternative of asserting their claim under the trust agreements and returning the funds to the State rural rehabilitation corporation or its successor agency, or of having them made available within the State through the Farmers Home Administration under titles I, II, and IV of the Bankhead-Jones Farm Tenant Act.

#### HISTORY OF THE FUNDS

The assets involved in this bill were derived from funds made available under terms of the Federal Emergency Relief Act of 1943 (48 Stat. 55); the act of February 15, 1934 (48 Stat. 351); and the act of June 19, 1934 (48 Stat. 1055).

Under the Federal Emergency Relief Act of 1933, funds of the Reconstruction Finance Corporation in the amount of \$500,000,000 were made available for purposes of that act including—

grants to the several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment.

The act of February 15, 1934, appropriated from the Treasury the sum of \$950,000,000 to provide additional funds for carrying out the purposes of the Federal Emergency Relief Act of 1933 and for continuing the civil works program. This act also permitted the Federal Emergency Relief Administrator to make grants for relief within a State directly to such public agency as he might designate.

In the act of June 19, 1934, \$525,000,000 was made available to meet the emergency and necessity for relief in stricken agricultural areas and to supplement appropriations previously made for emergency purposes.

The Federal Emergency Relief Administration was created by the act of 1933 and the Administrator was charged with administering the act and was empowered under rules and regulations prescribed by the President to assume control of the State relief administration in any State or States where in his judgment, more effective cooperation

between State and Federal authorities could thereby be secured in carrying out the purpose of the act. The Administration and the Office of the Administrator was to cease to exist at the expiration of 2 years from the date of the act; however, the Administration was continued until it was ordered liquidated by the act of June 22, 1936 (49 Stat. 1597). Direct Federal relief was thereafter continued under the Works Progress Administration, which was established on May 6, 1935, and ordered liquidated on December 4, 1942.

#### CREATION OF STATE CORPORATIONS

Funds granted by the Federal Emergency Relief Administration to the States for rural relief were earmarked for that purpose and administered by rural rehabilitation divisions in the State emergency relief administrations. Since these funds were used to make loans and in some instances to purchase land, it was thought desirable by the Federal Emergency Relief Administration to have created in each State a nonprofit corporation to handle rural relief. Accordingly, between July 1934 and April 1935, corporations for this purpose were organized and began functioning in 43 States. Most of the directors of the corporations were connected with the State or Federal emergency relief administrations. The stock of the corporations was pledged with the Federal Emergency Relief Administrator to insure compliance with conditions of the grants. Under the act of February 15, 1934, some grants were made directly to the corporations. Pursuant to a directive of the Federal Emergency Relief Administration, most of the functions of the rural rehabilitation divisions in the State administration were transferred to corporations.

The Emergency Relief Appropriation Act of 1935 (49 Stat. 115), approved April 8, 1935, appropriated \$500,000,000 for rural rehabilitation and relief in stricken agricultural areas, and related purposes, and also made funds available for use at the discretion of the President for making loans to finance the purchase of farms and necessary equipment for farmers, farm tenants, sharecroppers, and farm laborers. Pursuant to that act, and primarily for the purpose of administering the rural program, the President created the Resettlement Administration by Executive order dated April 30, 1935.

Shortly thereafter, a ruling of the Comptroller General made it impossible to carry out the programs authorized by this act through grants to the States or agencies thereof, including the corporations, and the funds were administered thereafter as a direct Federal activity.

#### TRANSFER OF FUNDS

On June 19, 1935, the Federal Emergency Relief Administrator ordered all State emergency relief administrators to transfer all funds and property, of any nature whatsoever, acquired for or incident to, rural rehabilitation or drought relief purposes to the State corporations prior to the close of June 30, 1935.

When it became apparent that the corporations could not thereafter be financed by Federal funds, the corporations, on or about June 30, 1935, vested the management of their assets in the Resettlement Administration and agreed to transfer their assets to the United States for the purpose of carrying on a rural rehabilitation program in

the particular State involved. Pursuant to resolution of the corporations, practically all of the assets of the corporations were transferred either to the Administrator of the Resettlement Administration, or the Secretary of Agriculture, in accordance with transfer agreements which were entered into with the several State corporations between December 1935 and August 1941.

On January 1, 1937, the functions and duties of the Resettlement Administration were transferred by Executive order to the Department of Agriculture. Shortly thereafter the name of the Resettlement Administration was changed to the Farm Security Administration. In the Department of Agriculture Appropriation Act of 1944, provision was made that the Secretary could use these corporation funds only for the purposes for which he could use funds appropriated under the item "Loans, grants, and rural rehabilitation." The same restriction was carried in each appropriation act thereafter up to and including that of 1947. On August 14, 1946, the Farm Security Administration was abolished by the Farmers Home Administration Act of 1946 and these functions of the Farm Security Administration were taken over by the Farmers Home Administration.

#### TRUST AGREEMENTS

The agreements transferring the assets of the corporations to the Secretary of Agriculture recited that the corporation had been carrying on a rural rehabilitation program in the State from the proceeds of grants, loans, and other assistance received principally from the Federal Government; that the corporation was unable to secure any further funds from that source; and that, therefore, it was transferring its assets to the Federal Government for administration along with Federal funds as the best means of protecting the assets and preventing hardship to those being served by its activities.

The trust agreements authorized the Secretary of Agriculture to—administer and expend the property and assets transferred hereunder and the proceeds thereof, in such a manner as he shall deem necessary or appropriate for rural rehabilitation purposes in the State.

The agreements provide that in the event the Secretary of Agriculture shall cease to have the authority to use the funds as provided therein, the remaining assets shall be retransferred to the corporations or to such other agency as may be designated by the legislatures of the respective States.

These funds have been used by the Secretary, pursuant to the agreements, for the general purposes of rural improvement and assistance provided in titles I, II, and IV of the Bankhead-Jones Farm Tenant Act. Although used for this general purpose, they have constituted a special fund requiring separate accounting and administration. Most of the State corporations from whom the assets were transferred have gone out of existence. A few have continued their corporate existence and some degree of activity.

Some of the States demand a return of these assets to the State corporations. Other States are apparently willing that the assets should continue to be handled and administered by the Farmers Home Administration. Without this legislation the exact legal status of these funds which have been administered by the Federal Government pursuant to the transfer agreement will be somewhat



clouded and subject to disagreement between the States and the Federal Government. Under this bill the legal status of the funds and the program involved, and the administration of the assets, will be clarified by bringing to an end the operation under the transfer agreements and either returning the funds to the State corporations or establishing them clearly in the Farmers Home Administration as a revolving fund for use in the particular States.

There can be no doubt that the trust agreements transferring these assets to the Secretary of Agriculture for administration are legally binding instruments, enforceable in the courts, and establishing an unconditional obligation on the part of the United States to return the trust assets to the States. Some of the trust agreements, particularly that of North Carolina which was ably presented to the committee by a representative of the North Carolina Rural Rehabilitation Corp., provide unconditionally for a return of the assets to the States at the expiration of a stated period. It also sets out specific conditions under which the funds are to be administered by the Secretary of Agriculture and provides for the immediate revesting of the assets in the State if any of the prescribed conditions are violated.

Ample evidence was presented to the committee during its hearing on this matter that both the Federal Emergency Relief Administrator and the Comptroller General, at that time Mr. McCarl, regarded the grants to States for rural rehabilitation and relief purposes as outright grants and the assets arising from those grants as the property of the States.

The agreements transferring these assets to the Secretary of Agriculture for administration were entered into at the suggestion of the United States and under terms proposed by the Federal agency involved. In the opinion of the committee, the United States is now estopped from questioning the title of the respective States to the trust assets and from making any disposition of said assets other than that directed by the States, if the State chooses to exercise its rights under the agreement. The committee believes, however, that the Government is clearly within its legal rights in establishing the time and the manner in which these trusts are to be liquidated and the responsibility of the United States under them discharged. This bill establishes such time and conditions in a manner which the committee believes to be fair and equitable to all of the parties concerned.

#### ASSETS

The total amount of the assets involved is relatively small, amounting to only approximately \$50,000,000. The following table shows the amount and type of these assets accredited to each State:



## RURAL REHABILITATION TRUST FUNDS

U. S. Department of Agriculture, Farmers Home Administration, consolidated balance sheet of Rural Rehabilitation Corporation as of Dec. 31, 1948

State	Cash	Loans re- ceivable	Accounts and notes re- ceivable	Land struc- tures and equipment	Other as- sets <sup>1</sup>	Total assets	Liabilities, reserves, and trust obligations				Accrued in- terest <sup>2</sup>
							Accounts payable	Reserve for bad debts	Trust obli- gations	Total	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Alabama	\$551,578.83	\$667,802.92	\$24,590.45	\$81.70	0	\$1,244,113.00	0	\$75,481.31	\$1,168,632.50	\$1,244,113.90	\$17,874.14
Arizona	81,216.66	121,922.32	38,818.63	2,176.89	0	249,134.50	0	28,121.15	221,013.32	249,134.50	18,136.78
Arkansas	1,070,316.63	1,355,886.15	29,610.79	46,763.46	\$890.00	2,532,607.02	0	240,470.37	2,292,196.35	2,532,607.03	283,460.87
California	56,849.16	70,370.89	59,067.39	-7,843.87	0	178,437.57	0	16,787.58	161,655.99	178,443.57	120,416.79
Colorado	453,885.49	900,775.13	14,907.31	5,403.26	0	1,374,865.69	0	213,993.71	1,160,961.98	1,374,865.69	168,259.64
Florida	174,165.76	395,932.30	39,502.00	618.55	0	610,218.61	0	67,828.44	542,390.17	610,218.61	10,913.01
Georgia	1,001,695.89	1,501,694.63	12,237.87	4,886.03	0	2,530,511.47	\$7,033.66	238,379.27	2,302,101.51	2,580,511.47	48,347.78
Idaho	71,432.97	135,105.12	16,334.35	4,052.18	0	227,025.62	0	35,811.34	191,224.28	227,025.62	26,082.50
Illinois	235,695.37	345,015.82	2,684.55	0	.79	644,396.49	0	85,773.96	558,617.53	644,396.49	64,942.23
Indiana	150,037.19	185,988.24	987.50	0	0	335,012.93	0	43,612.09	291,400.93	335,012.93	22,565.41
Iowa	199,361.97	1,051,223.75	3,343.83	0	0	1,253,932.55	0	258,042.69	995,889.86	1,253,932.55	74,891.77
Kansas	533,638.37	583,322.37	1,314.72	0	0	1,117,675.46	0	130,980.58	977,685.88	1,117,675.46	90,711.06
Kentucky	208,933.62	388,465.71	3,559.23	1,102.39	0	692,153.85	0	505,762.41	505,762.41	692,153.85	35,214.87
Louisiana	81,035.90	140,908.39	39,270.72	1,863.75	109.45	333,024.29	0	33,024.29	290,223.92	333,024.29	55,287.05
Maine	122,439.21	221,583.93	1,732.02	400.00	1,100.00	345,189.23	0	54,847.56	290,341.67	345,189.23	26,290.73
Michigan	220,674.17	477,868.93	2,498.72	3,653.56	0	705,195.38	0	118,023.43	587,171.95	705,195.38	70,271.31
Minnesota	1,930,021.44	1,785,974.33	7,022.69	8,898.43	0	3,732,916.89	0	416,049.36	3,316,867.53	3,732,916.89	240,597.90
Mississippi	439,118.63	1,254,800.68	30,341.02	606.43	155.50	1,735,082.26	0	211,841.65	1,513,220.09	1,735,082.26	271,515.48
Missouri	801,853.61	1,679,945.90	9,325.61	124.25	123.48	2,491,905.85	0	374,179.64	2,117,726.21	2,491,905.85	223,293.04
Montana	66,570.93	279,801.99	102,187.78	2,759.99	0	511,320.69	0	16,365.24	494,955.45	511,320.69	25,118.36
Nebraska	819,601.01	1,239,791.43	475,844.13	695.53	0	2,565,932.13	0	283,336.75	2,282,595.38	2,565,932.13	149,746.63
Nevada	41,352.31	54,120.63	0	0	0	95,472.94	0	12,212.75	83,260.19	95,472.94	7,022.89
New Hampshire	96,461.28	384,508.27	6,335.60	0	450.00	118,622.93	0	22,751.11	95,871.82	118,622.93	7,737.00
New Jersey	267,035.15	1,065,853.48	8,695.25	0	0	492,955.15	0	91,332.89	401,622.26	492,955.15	26,038.23
New Mexico	20,967.32	70,323.96	1,065,853.48	11,614.45	165,388.63	1,519,616.96	1,291.74	255,738.70	1,263,878.22	1,519,616.96	132,638.18
North Carolina	698,198.76	107,079.12	4,655.80	6,408.58	0	816,342.26	0	17,589.93	790,604.17	816,342.26	26,216.93
North Dakota	835,745.88	847,724.79	538,663.30	1,284.10	0	2,223,418.07	0	206,601.63	2,016,816.44	2,223,418.07	138,112.26
Ohio	357,917.81	725,686.18	5,176.35	5.00	0	1,088,785.34	0	166,514.27	922,271.07	1,088,785.34	58,535.52
Oklahoma	749,710.49	1,096,901.08	7,142.26	2,125.65	400.00	1,826,279.49	0	247,449.58	1,578,829.91	1,826,279.49	215,492.24
Oregon	43,355.78	46,925.82	0	25.26	0	90,306.86	0	7,445.68	82,861.17	90,306.86	49,108.77
Pennsylvania	147,990.85	351,690.46	5,057.00	0	0	512,738.31	0	81,353.33	431,383.43	512,738.31	36,926.67
South Carolina	146,150.76	882,667.14	15,506.70	47,100.26	0	1,341,619.80	3,355.37	103,278.32	1,235,016.11	1,341,619.80	39,918.61
South Dakota	398,134.61	1,949,647.71	15,292.38	2,645.21	0	3,395,719.91	0	474,151.65	2,921,568.26	3,395,719.91	87,249.75
Tennessee	1,334,451.20	568,454.78	6,998.80	161.64	0	960,081.42	0	119,417.03	840,664.39	960,081.42	67,568.75
Texas	1,612,453.66	1,662,733.01	41,993.43	66,821.33	35.00	3,384,566.43	4,365.07	386,407.86	2,993,793.50	3,384,566.43	181,552.80

Utah.....	103,166.49	409,077.21	3,638.11	26,518.24	5,601.14	548,001.19	0	96,154.93	451,846.26	458,001.19	32,926.01
Vermont.....	13,356.29	74,633.15	0	0	0	87,989.44	0	17,224.63	70,764.81	87,989.44	2,993.71
Virginia.....	697,377.28	550,760.59	22,947.98	163.05	720.00	1,171,963.90	0	132,365.22	1,039,603.68	1,171,963.90	69,626.49
Washington.....	264,582.48	391,841.90	33,507.75	19,339.76	0	709,361.89	0	100,568.78	608,793.11	709,361.89	107,157.48
West Virginia.....	405,712.14	295,780.45	4,624.79	94.00	0	706,211.38	0	73,845.11	632,366.27	706,211.38	28,664.20
Wisconsin.....	643,990.31	810,693.03	2,147.15	0	1,844.53	1,458,684.02	0	187,439.08	1,271,244.94	1,458,684.02	82,248.80
Wyoming.....	201,058.91	324,139.17	182,968.00	3,979.04	0	712,145.12	0	77,318.63	634,826.49	712,145.12	35,694.90
Grand total.....	18,693,949.80	27,626,926.51	1,881,416.46	264,853.11	176,018.52	48,643,164.40	16,066.35	5,981,187.90	42,645,910.15	48,643,164.40	3,881,753.50

<sup>1</sup> Other assets: Deferred charges, \$8,095.41; supplies and materials, \$109.45; acquired chattels, \$1,745.50; assets on loans to other agencies, \$166,068.16; total, \$176,018.52.

<sup>2</sup> Accrued interest has not been reflected on this balance sheet by State because it is computed on the basis of loan accounts serviced by individual corporations, and these accounts include those transferred from other corporations for collection purposes. The Nation-wide total, as calculated, is correct.

Under the terms of the bill each State will have a period of 3 years in which to request the return of the funds to the State corporation, or a successor agency, or to permit them to go into a revolving fund under the Farmers Home Administration for use within the particular State. At the end of 3 years, the assets credited to those States which have taken no action, will be transferred to a special fund in the Farmers Home Administration for use within the respective States under the authority of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act.

#### ANALYSIS OF THE BILL

##### *Section 1*

The amendment made by the committee changes from 5 years to 3 years, the period of time allowed for liquidation of the trusts.

Subsection (c): Lines 17 to 21 provide that the funds to be returned to the State corporations may be used only for such rural rehabilitation purposes permissible under the corporation charter as may be agreed upon by the corporation and Secretary. This will prevent duplication by State rehabilitation corporations of the activities of the Farmers Home Administration and assure that, where these funds are returned to the State corporations, they will be used for purposes which will supplement, rather than duplicate, the Federal programs. The section also prohibits any State corporation from spending more than 3 percent of the value of its assets in any year for administration, without the approval of the Secretary.

Subsection (e): This subsection has been amended by the committee to require the States to select, within 3 years, one of two alternatives for the disposal of these trust funds: (1) Return of the funds to the State rural rehabilitation corporation or its successor agency, pursuant to a proper application by the State; or, (2) transfer of the trust funds and assets to the Secretary of Agriculture as a revolving fund to be administered by the Farmers Home Administration and used within the State for the purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act. The State may release its funds immediately for administration by the FHA or, if it fails to take any affirmative action within 3 years, its assets will automatically be transferred in that manner.

##### *Section 3*

Some of the properties previously owned by the State rural rehabilitation corporations and purchased with their funds, were transferred by Executive Order 9070 to the Federal Public Housing Administration under contractual arrangements which made FPHA accountable to the State corporations for the properties and the assets derived from them on their disposal. Some other properties, including some of the rural rehabilitation projects, were purchased with relief funds other than those granted directly to the rural rehabilitation corporations but were administered by the corporations and should be included in the corporation assets, as provided by the second sentence of this section.

*Section 4*

This section provides (p. 5, lines 12 to 20) that the expenses of liquidating the trusts and returning the assets to the States, or into the special fund under the administration of the Farmers Home Administration, shall be charged to the trust funds involved.

*Section 5*

Some of the assets of the corporations are in the form of loans to farmers. This section provides that none of the funds involved in this bill may be used by the Secretary after the effective date of this act except for purposes of liquidating the trust funds and for loans to be repaid prior to May 1, 1952, where loans are necessary to protect the corporate assets by supplementary credit to present borrowers.

*Section 6*

This section makes the determination of the Secretary final with respect to the assets to be returned to each State or applied to its credit with the Farmers Home Administration, including the partition of jointly owned property and the liabilities applicable to such properties.

*Section 7*

This repeals a section of the Farmers Home Administration Act of 1946 which directs the Secretary of Agriculture to liquidate "as expeditiously as possible trusts under the transfer agreement with the various State rural rehabilitation corporations," but establishes no policy for the disposal of the funds when the trusts have been liquidated.





81ST CONGRESS  
1ST SESSION

# H. R. 2392

[Report No. 1003]

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1949

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

JULY 8, 1949

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

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## A BILL

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That this Act may be cited as the "Rural Rehabilitation  
4      Corporation Trust Liquidation Act".

5      SEC. 2. (a) The Secretary of Agriculture (hereinafter  
6      referred to as the "Secretary") is hereby authorized and  
7      directed to take such action as may be appropriate and neces-  
8      sary to liquidate, as expeditiously as possible but within  
9      ~~five~~ *three* years from the effective date of this Act, trusts  
10     under the transfer agreements with the several State rural

1 rehabilitation corporations, and is hereby authorized and  
2 directed to negotiate with responsible officials to that end.

3 (b) The Secretary, insofar as is necessary to protect  
4 the interests of the United States and the corporations shall  
5 proceed forthwith to the conversion to cash of investments  
6 constituting the trust assets by sale of real and personal  
7 properties, and by collection of loans and accounts receivable  
8 according to the tenor of such obligations.

9 (c) An application for the return of such properties  
10 ~~shall~~ may be made to the Secretary by the State rural  
11 rehabilitation corporation pursuant to appropriate resolution  
12 of its board of directors. The application shall contain a  
13 covenant, binding upon the corporation when accepted by  
14 the Secretary on behalf of the United States, that the cor-  
15 poration will abide by the determinations and apportionments  
16 of the Secretary provided for in this Act and the payments  
17 made by the Secretary pursuant to this Act, that the returned  
18 assets and the income therefrom will be used only for such  
19 of the rural rehabilitation purposes permissible under the  
20 corporation's charter as may from time to time be agreed  
21 upon by the corporation and the Secretary; and that not to  
22 exceed 3 per centum of the book value of the corporation's  
23 assets will be expended by the corporation for administrative  
24 purposes during any year, without the approval of the Sec-  
25 retary of Agriculture. If the rural rehabilitation corporation

1 of any State has been dissolved and is not revived or re-  
2 incorporated or, for any other reason, is unable to make such  
3 application or to accept and administer such properties, the  
4 application and subsequent agreements may be made by  
5 such other agency or official of that State as may be desig-  
6 nated by the State legislature. The Secretary may transfer  
7 the trust funds or properties of such corporation to such  
8 successor agency or official if adequate provisions are made  
9 by the State legislature for holding the United States and  
10 the Secretary free from liability by virtue of the transfer  
11 to such successor agency or official.

12 (d) Except as hereinafter provided, upon receipt of  
13 appropriate application meeting the requirements of this Act,  
14 the Secretary shall do all things necessary to return to each  
15 such applicant all right, title, and interest of the United  
16 States in and to all cash, real and personal property, or the  
17 proceeds thereof, held on the date of the approval of this  
18 Act by the Secretary as trustee for the account of such State  
19 corporation, except that the Secretary may deduct from the  
20 funds of each such State corporation the expenses incident to  
21 completion of such transfer: *Provided*, That such transfer  
22 shall, insofar as possible, be accomplished in a manner  
23 consistent with the provisions of the trust agreement with  
24 each State rural rehabilitation corporation.

25 (e) In the event no application is made, as provided



1 for in this Act, within ~~five~~ *three* years from the effective date  
 2 hereof or *upon receipt of a* disclaimer or release of interest  
 3 under the trust transfer agreement by any State through its  
 4 legislature, the Secretary shall cause all proceeds from assets  
 5 held under or for the account of the transfer agreement with  
 6 that State to be covered into ~~miscellaneous receipts in the~~  
 7 ~~United States Treasury~~ *the Treasury of the United States*  
 8 *as a revolving fund to be used by the Secretary only within*  
 9 *that State for the purposes of and subject to all the provi-*  
 10 *sions of titles I, II, and IV of the Bankhead-Jones Farm*  
 11 *Tenant Act, as amended.*

12 SEC. 3. The provisions of this Act shall apply also to  
 13 all properties and assets of State rural rehabilitation corpo-  
 14 rations held by Federal agencies other than the Department  
 15 of Agriculture under the provisions of Executive Order  
 16 Numbered 9070, or otherwise. For the purposes of this  
 17 Act the assets of other corporations, derived through the  
 18 use of Federal Emergency Relief Administration funds, and  
 19 made available to them through State rural rehabilitation  
 20 corporations or otherwise acquired by them for rural re-  
 21 habilitation purposes, shall be considered as a part of the  
 22 trust property of the State rural rehabilitation corporations  
 23 in their respective States.

24 SEC. 4. For the purposes of this Act, the Secretary shall  
 25 have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to

1 the approval and under the supervision of the Solicitor  
2 of the Department of Agriculture;

3 (b) accept and utilize voluntary and uncompen-  
4 sated services, and with the consent of the agency con-  
5 cerned, utilize the officers, employees, equipment, and  
6 information of any agency of the Federal Government,  
7 or of any State, Territory, or political subdivision;

8 (c) make such rules and regulations and such dele-  
9 gations of authority as he deems necessary to carry  
10 out the purposes of this Act.

11 SEC. 5. None of the properties or assets held on the  
12 date of the approval of this Act by the Secretary as trustee  
13 pursuant to trust agreements with the various State rural  
14 rehabilitation corporations may be used by the Secretary for  
15 any purpose after the effective date of this Act, except for  
16 the purposes authorized under section 2 (d) of this Act,  
17 and for loans made prior to July 1, 1949, and to be repaid  
18 in full no later than May 1, 1952, but otherwise consistent  
19 with the provisions of title II of the Bankhead-Jones Farm  
20 Tenant Act, as amended (7 U. S. C. A. 1007), where  
21 necessary to supplement credit already extended to bor-  
22 rowers from corporation trust funds.

23 SEC. 6. The determination of the Secretary with respect  
24 to the assets to be returned to each State rural rehabilita-  
25 tion corporation or other agency or official designated pur-

1 suant to section 2 (c) hereof including, but not limited to  
2 interests in properties held jointly for such corporation and  
3 the United States, the partition of real property, the ex-  
4 penses incident to each transfer, the liabilities applicable  
5 to such properties, and all other phases of the transfer shall  
6 be final and conclusive upon each State rural rehabilitation  
7 corporation or such successor agency or official designated  
8 pursuant to section 2 (c) hereof, and upon all officers and  
9 agencies of the United States.

10 (b) The Secretary shall be saved harmless against any  
11 personal liability he may incur in carrying out the provisions  
12 of this Act.

13 SEC. 7. Section 2 (f) of the Act of August 14, 1946  
14 (60 Stat. 1062), is hereby repealed.



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2392

[Report No. 1003]

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## A BILL

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To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

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By Mr. COOLEY

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FEBRUARY 7, 1949

Referred to the Committee on Agriculture

JULY 8, 1949

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed





tain lands upon the Colville Indian Reservation, Wash., and for other purposes.

Mr. MAGNUSON. Mr. President, I know of the objection of the Senator from Nebraska [Mr. BUTLER]. I see he is now in the Chamber. Knowing he had an interest in this matter, I was going to ask that it go over until he could be in the Chamber.

Mr. BUTLER. Mr. President, I ask that this bill go over to the next call of the calendar.

The PRESIDING OFFICER. The Senator asks unanimous consent that the bill be included in the next call of the calendar?

Mr. BUTLER. Yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The bill goes over to the next call of the calendar.

That completes the call of the calendar for today.

#### METHODS FOR PAYMENT OF TAX ON FERMENTED MALT LIQUORS

Mr. GEORGE. Mr. President, I ask unanimous consent that the Senate return to the consideration of Order No. 643, House bill 5114.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5114) to amend the Internal Revenue Code to permit the use of additional means, including stamp machines, for payment of tax on fermented malt liquors, provide for establishment of brewery bottling house on brewery premises, and for other purposes.

Mr. GEORGE. Mr. President, I think there can be no objection to this bill. It is a bill to amend the Internal Revenue Code to permit the use of additional means, including stamp machines, for the payment of tax on fermented malt liquors, and to permit the bottling of malt liquors on the premises. It is a measure recommended by all the affected agencies of the Government, and I think it should be passed, purely as a means of preventing undue costs and expense.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

#### FEDERAL COOPERATIVE FOREST PROGRAMS

Mr. ELLENDER. Mr. President, in submitting its report on H. R. 2296, the Senate Agriculture and Forestry Committee incorporated the written report of its subcommittee which considered and held hearings on the bill. I served as chairman of the subcommittee, but in my recent absence from the Senate the bill has been handled by the able Senator from Florida [Mr. HOLLAND].

My attention has been called to the fact that in listing the organizations which were represented at the hearings in support of the bill, the name of the Association of State Foresters was inadvertently omitted from the subcommittee report, and I desire to correct the report in that respect. The fact is that the Association of State Foresters was repre-

sented at the hearings by Mr. Joseph F. Kaylor, who strongly urged the subcommittee to approve the House bill without amendments. Mr. Kaylor stated that the bill was developed by the Association of State Foresters and the Association of Land Grant Colleges after extensive study in an effort to bring about more effective conservation and utilization of the Nation's forest resources, and that the members of his organization, as well as of the Association of Land Grant Colleges, are very anxious to obtain congressional approval of the legislation at this session.

Mr. President, I ask unanimous consent at this time that the report be corrected.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLAND. Mr. President, is there objection at this time to taking up Calendar No. 608, H. R. 2296, the bill just referred to by the Senator from Louisiana? It was objected to by the distinguished junior Senator from Michigan [Mr. FERGUSON] at the last call of the calendar. I understood there was no further objection. I was advised by the Senator from Michigan that he has withdrawn his objection, and that is why I am asking that it be brought up at this time by unanimous consent.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SALTONSTALL. Will the Senator tell us what the bill is about?

Mr. HOLLAND. The first three sections are to reenact and enlarge the Clark-McNary Act. The first section steps up the size of the fire-control authorization. At the present time the States and Territories are putting up more money than the Federal Government is matching, and certainly in view of the forest fires that have been raging, the great need for the Federal Government's cooperating is clearly apparent.

The second section of the bill has to do with enlarged forest replanting or reforestation, and the third section of the bill relates to expanded forestry under the land-grant schools.

There were highly controversial provisions later in the bill which the committee cut out. The committee did not hear any great objection to the three sections which remained in the bill and which I have briefly mentioned.

I described the bill at some length when it was called up before, and I shall be glad to do so again, if necessary, but I think the Senator from Michigan was the only Senator who objected on the previous call.

Mr. HENDRICKSON. There were other objections. I am pretty sure one objection came from the senior Senator from Oregon. I should like to check on that.

Mr. LUCAS. Mr. President, this illustrates the difficulty in returning to bills at this time. A number of Senators have left the Chamber, believing, no doubt, that the calendar was finished. I rather think that unless we absolutely know that there are no objections, we should not return to bills, when there is any

possibility that objections might exist to their consideration.

Mr. HOLLAND. Mr. President, I renew my request. If any Senator desires to object, that is his right, but my understanding was very clear that the Senator from Michigan was the only objector, and he has told me affirmatively that he has no further objection. That is why I make the request that the bill be taken up at this time.

Mr. HENDRICKSON. I did not even know that the junior Senator from Michigan had objected, but our records show that there was objection from the senior Senator from Oregon.

Mr. AIKEN. Mr. President, in view of the three things for which it provides, it would be most unfortunate if this bill were held up, now that it has been amended. First, it makes provision to enable the Federal Government to match the expenditures of the States and the people of the localities in forest-fire prevention, which they were supposed to have done long ago anyway. It also provides \$500,000 instead of \$100,000 for the use of the Extension Service in forestry work. It increases somewhat the appropriation for cooperation with the States in reforestation. The objectionable features, so far as I know, have all been removed. I have no objection to the controversial features. To my mind it is a question whether they are objectionable or not.

Mr. THYE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. THYE. I should like to support the senior Senator from Vermont in his statement that the objection was to sections 4 and 5 in the bill. When the subcommittee of the full committee amended the bill and struck out sections 4 and 5, I believe we removed all the objections to the bill. I cannot believe that anyone would object to the bill as it is now drafted.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BALDWIN. I earnestly hope the bill may be considered at this time, because I am advised by the State, Park, and Forest Commission of the State of Connecticut that the bill is very much needed. In Connecticut we are heartily in favor of its passage.

Mr. AIKEN. The bill will provide protection for 25 percent of our forest lands which are still unprotected from fires, in the sense that we generally consider forest fire protection.

Mr. HENDRICKSON. Mr. President, I have just been reliably informed that the senior Senator from Oregon [Mr. CORDON] did have an objection, but the objection was to section 4. So I will take the responsibility of withdrawing all objections to consideration of the bill.

Mr. AIKEN. I thank the Senator from New Jersey. I think all the objection was to section 4, which made a provision for the employment of a good many more county foresters, and there were a substantial number of consulting foresters in the country who thought that would infringe upon their domain. It is a question whether it would or not.



But in order to remove the controversy, that section was withdrawn from the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 2296) to amend and supplement the act of June 7, 1924 (43 Stat. 653), and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

The first committee amendment was, on page 3, line 10, after the word "suitable", to insert "State."

The amendment was agreed to.

The next amendment was on page 4, after line 3, to strike out section 4, as follows:

SEC. 4. It is hereby declared to be the policy of the Congress to encourage the development and maintenance of adequate forest resources as essential to national defense, full employment, and national prosperity. It is recognized that to attain these objectives, the management of privately owned forest lands which constitute the bulk of the Nation's forest land resources, must be in accordance with sound forestry practices, that wastage in processing and utilization of forest products must be reduced to a minimum, and that in addition to the educational and demonstrational activities contemplated by section 5 of the act of June 7, 1924 (43 Stat. 654), as amended, it is essential that adequate provision be made for the furnishing of technical services and assistance to owners of forest lands and processors of forest products. It is the intent of the Congress that the facilities for such technical services and assistance be provided mainly through cooperation with State forestry agencies. It is intended that the powers and authority of the Secretary of Agriculture under this section shall be supplementary to the powers and authority conferred on him under any other act. To carry out the purposes of this section the act of June 7, 1924 (43 Stat. 653), is amended by adding thereto the following section:

"SEC. 10. (a) The Secretary of Agriculture is hereby authorized and directed to establish and maintain services and facilities for furnishing technical services respecting the proper management of privately owned forest lands and federally owned lands administered by the States; for giving technical services to forest-land owners concerning the value of their forest products and the efficient production and marketing thereof; for assisting forest owners and processors in reducing timber harvesting and processing costs, utilizing inferior species and grades, improving the quality and expanding the uses of forest products, establishing markets, and developing rural forest industries; for giving technical services to consumers with respect to the selection and use of forest products; and for otherwise effecting improvements in the growing, harvesting, marketing, and utilization of forest products.

"(b) The Secretary of Agriculture is authorized under such terms and conditions as he deems appropriate to cooperate with State forestry agencies in carrying out the purposes of this section and in promoting its objectives. The amount expended in any State by the Federal Government through such cooperative action shall not exceed during any fiscal year the amount expended by the cooperating State for the same purpose during the same fiscal year and the Secretary of Agriculture is authorized to make expenditures on the certificate of the appropriate State official having charge of the cooperative work for the State that State expenditures as provided in this section have been made.

The amendment was agreed to.

"(e) The Secretary of Agriculture is further authorized, under such terms and conditions as he may deem appropriate, to cooperate with public and private agencies and persons to obtain assistance in carrying out the purposes of this section. Money contributions received from cooperators shall be covered into the Treasury and shall constitute a special fund, which is hereby appropriated and made available until expended as the Secretary may direct for conducting activities authorized by this section and for making refunds to contributors of amounts paid by them in excess of their share of the cost of cooperative work.

"(d) There is hereby authorized to be appropriated to enable the Secretary of Agriculture to carry out the provisions of this section the following sums: \$1,500,000 for the fiscal year ending June 30, 1950; \$3,000,000 for the fiscal year ending June 30, 1951; \$4,500,000 for the fiscal year ending June 30, 1952; and \$6,000,000 for each subsequent fiscal year."

The amendment was agreed to.

The next amendment was, on page 6, after line 24, to strike out section 5, as follows:

SEC. 5. The act of May 18, 1937 (50 Stat. 188), known as the Cooperative Farm Forestry Act, is hereby repealed effective June 30, 1950.

The amendment was agreed to.

The next amendment was on page 7, line 3, to change the section number from "6" to "4."

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 2296) was read the third time and passed.

#### JOINT COMMITTEE ON THE ECONOMIC REPORT—AMENDMENT OF EMPLOYMENT ACT OF 1946

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to return to Senate bill 2085, Calendar No. 602.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2085) to amend the Employment Act of 1946 with respect to the Joint Committee on the Economic Report.

Mr. TAFT. Mr. President, I objected to this bill when it was reached on the last call of the calendar because it had not been officially approved by the Joint Committee on the Economic Report. Since that time it has been approved by that committee, so I withdraw my objection. I will not object to the bill although I do not approve of the second provision in the bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2085) to amend the Employment Act of 1946 with respect to the Joint Committee on Economic Report, which had been reported from the Committee on Banking and Currency with amendments on page 1, after line 2, to strike out:

That subsection (d) of section 5 of the Employment Act of 1946 (60 Stat. 25), as amended, is amended by inserting after the word "consultants" the following: "(at a

rate not to exceed \$50 per day when actually employed, including all pay increases authorized by the Federal Employees' Pay Act of 1945, as amended and supplemented."

In line 10, to strike out "Sec. 2. Subsection", and insert "That subsection", and on page 2, line 3, to change the section number from "3" to "2", so as to make the bill read:

Be it enacted, etc., That subsection (e) of section 5 of such act is amended by striking out "\$50,000" and inserting in lieu thereof "\$150,000."

SEC. 2. Section 5 of such act is further amended by inserting at the end thereof the following:

"(f) Service of one individual as an attorney or expert for the joint committee, in any business or professional field, on a part-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, or 264 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States."

The amendments were agreed to.

Mr. O'MAHONEY. Mr. President, the joint committee suggested three amendments, which I send forward, and I ask for their adoption.

The VICE PRESIDENT. Does the Senator desire to have the amendments considered en bloc or separately?

Mr. O'MAHONEY. En bloc.

The VICE PRESIDENT. The amendments will be stated en bloc.

The LEGISLATIVE CLERK. On page 2, line 1, it is proposed to strike out "such Act", and insert "the Employment Act of 1946 (60 Stat. 25), as amended,"; on page 2, line 2, to strike out "\$150,000" and insert "\$125,000"; and on page 2, line 5, after the word "individual" to insert a comma and "until the completion of the investigation authorized by Senate Concurrent Resolution 26, Eighty-first Congress."

The VICE PRESIDENT. The question is on agreeing en bloc to the amendments offered by the Senator from Wyoming [Mr. O'MAHONEY] on behalf of the Joint Committee on the Economic Report.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### STATE RURAL REHABILITATION CORPORATIONS

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ANDERSON. Would it be in order for me at this time to ask unanimous consent to take up Senate bill 930, dealing with State rural rehabilitation corporations, with respect to which, on the 27th day of May, a motion was entered by the Senator from Colorado [Mr. JOHNSON] for reconsideration?

Mr. WHERRY. What is the calendar number?

Mr. ANDERSON. The bill is not on the calendar. It is to be found in the



calendar under "Motions for reconsideration."

The VICE PRESIDENT. A motion to reconsider was made and has been pending since May 27, 1949.

Mr. ANDERSON. Mr. President, I may explain that the motion was entered on a Friday after the bill had been passed on the call of the calendar on Monday. At the time the motion was made there were three or four Senators on the floor. There are more sponsors of the bill than that, and they and a number of other Senators who are interested in the bill steadily, since the 27th of May, have been trying to have action taken on the motion. I spoke to the distinguished Senator from Colorado [Mr. JOHNSON] today and said I would make an effort to bring up the bill today as soon as the call of the calendar was finished. The senior Senator from Florida has been attempting to get him to come to the Senate Chamber so we might bring up the bill. I feel it is desirable that we have action on the motion for reconsideration. The bill was passed by the Senate and was sent to the House.

Mr. LUCAS. Mr. President, a parliamentary inquiry with respect to that measure.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. Am I correct that it would be necessary to move to have action taken on the motion for reconsideration, and that if it were agreed to it would result in displacing the pending business?

The VICE PRESIDENT. Action can be taken on the motion by unanimous consent. If a motion were made to proceed to consideration of the motion to reconsider, and it were agreed to, automatically that would set aside the unfinished business.

Mr. WHERRY. Mr. President, unanimous consent has already been obtained to take up, following the disposition of the calendar, the motion relating to Senate bill 1008. I ask the distinguished Senator from New Mexico if his request cannot be made after that motion is acted on?

Mr. ANDERSON. It is my understanding that the motion might not be taken up this afternoon.

Mr. WHERRY. Unanimous consent has been entered into to proceed to consideration of the motion to reconsider the vote whereby Senate bill 1008, the so-called basing-point bill, was sent to conference. I would not want to give unanimous consent to consider the matter requested by the Senator from New Mexico until the matter agreed to be taken up under unanimous consent is disposed of.

Mr. LUCAS. Mr. President, I shall object for the moment, until we dispose of the calendar, and find exactly where we stand with respect to the calendar. We are talking now about bills on the calendar, and not motions to reconsider. I should like to have the motion to reconsider with respect to Senate bill 1108 disposed of. I should also like to make an explanation with respect to the resolution disapproving Reorganization

Plans Nos. 1 and 2 before we take up the matter referred to by the Senator from New Mexico.

The VICE PRESIDENT. The call of the calendar was completed up to the point of the bills which were reported yesterday. They went over because no reports had been filed.

Mr. LUCAS. That is correct.

#### SPECIAL QUOTA IMMIGRATION VISAS TO CERTAIN ALIEN SHEEPHERDERS

Mr. McCARRAN. Mr. President, I ask unanimous consent that the Senate revert to calendar No. 570, Senate bill 1165 to provide relief for the sheep-raising industry by making special quota immigration visas available to certain alien sheepherders. There had been objection to the bill, but I understand the objection has been withdrawn.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1165) to provide relief for the sheep-raising industry by making special quota immigration visas available to certain alien sheepherders.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. TAFT. Yes; I object at this time to taking up any more bills on the calendar. I agree with what the majority leader just stated. It seems to me we should consider bills on the calendar in their order.

Mr. McCARRAN. The Senate has completed consideration of the bills on the calendar.

Mr. WHERRY. I should like to have the distinguished Senator from Ohio withhold his objection long enough so the Senator from Nevada may explain the purpose of the bill. It is a bill which means much to many persons in our sections of the country. Sheepherders are desperately needed. If we cannot secure passage of the bill now we might as well quit trying to have it passed. I agree with the Senator from Ohio that we should not return to consider all bills on the calendar if Senators who may be interested are not present. But those who have heretofore objected to the bill are now present.

The VICE PRESIDENT. The Senator from Ohio has objected, therefore the Chair has no control over the matter.

Mr. WHERRY. Will the Senator from Ohio withhold his objection for a moment?

Mr. TAFT. I believe we should consider the bills on the calendar in order. If it had previously been agreed that certain bills be considered after the call of the calendar, such bills should be considered. But if agreement had not been reached respecting taking up bills after the call of the calendar it would not be fair to those who are not present to take them up. No notice has been given to the Senate with respect to this bill being taken up at this time.

The VICE PRESIDENT. The Senator from Ohio objects.

Mr. McCARRAN. Will the Senator withhold his objection to this one bill?

It is of vital importance to the sheep raisers.

Mr. TAFT. Mr. President, there are four other bills ready to come in on the same theory. I object to taking up any additional bills. If they are important enough to be taken up, it seems to me a motion should be made to take them up.

The VICE PRESIDENT. Objection is heard.

#### PROGRAM FOR CONSIDERATION OF REORGANIZATION PLANS NOS. 1 AND 2

Mr. LUCAS. Mr. President, on the calendar is Senate Resolution 147, reported by the Senator from Arkansas [Mr. FULBRIGHT] and other Senators. It is a resolution disapproving Reorganization Plan No. 1 of 1949.

Following that there is Senate Resolution 151, reported by the Senator from Arkansas [Mr. McCLELLAN], the Senator from South Dakota [Mr. MUNDT], and other Senators, disapproving Reorganization Plan No. 2 of 1949.

I wish to read into the RECORD at this time section 6 (a) of Public Law 109, which was enacted by the Eighty-first Congress, dealing with the reorganization of the government. This is under the title "Taking Effect of Reorganizations":

SEC. 6. (a) Except as may be otherwise provided pursuant to subsection (c) of this section, the provisions of the reorganization plan shall take effect upon the expiration of the first period of 60 calendar days, of continuous session of the Congress, following the date on which the plan is transmitted to it—

These reorganization plans were transmitted to Congress on June 19. And on August 19 the 60-day period will expire.

I continue to read from section 6 (a)—but only if, between the date of transmittal and the expiration of such 60-day period there has not been passed by either of the two Houses, by the affirmative vote of a majority of the authorized membership of that House, a resolution stating in substance that that House does not favor the reorganization plan.

Turning to section 205 of the act:

SEC. 205. (a) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to a reorganization plan, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(b) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit the resolution shall be in order and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

Returning to the question of a motion for consideration of such a resolution, I now give notice to the Senate that on Tuesday next, immediately following the convening of the Senate, the Senator from Illinois will make a motion to pro-



ceed to the consideration of the resolution disapproving Reorganization Plan No. 1 of 1949.

My understanding is that the motion to proceed to the consideration of the resolution is not debatable. After the resolution is taken up, of course, it is debatable, for not to exceed a period of 10 hours. That period of 10 hours may also be restricted. It seems to me that that is quite a long time to debate the resolution. I am wondering whether or not we might have some understanding as to a limitation of debate on the resolution with respect to Reorganization Plan No. 1, as well as the resolution dealing with Reorganization Plan No. 2. If we can limit debate to less than 10 hours, I should like to do so. I am open to any suggestion by the minority leader, or by the Senator from Ohio [Mr. TAFT], who is Chairman of the Policy Committee, with respect to this subject. I also welcome any suggestion from the ranking minority member of the Committee on Expenditures in the Executive Departments.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. TAFT. The resolution was submitted by the distinguished Senator from Arkansas [Mr. FULBRIGHT], and I think he should agree to any limitation of debate which may be requested. It is not a party matter in any sense.

Mr. LUCAS. I am pretty sure, so far as we are concerned, that those of us on this side of the aisle are willing to agree to some limitation of debate.

Mr. WHERRY. Mr. President, reserving the right to object—

Mr. LUCAS. I am not making a unanimous-consent request.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. Does the majority leader now suggest a day for the consideration of the resolution?

Mr. LUCAS. I have already suggested Tuesday next.

Mr. WHERRY. When the Senate convenes?

Mr. LUCAS. That is correct.

Mr. WHERRY. Does the majority leader at this time suggest a limitation of debate?

Mr. LUCAS. I am not suggesting any definite limitation of debate.

Mr. WHERRY. Would the Senator from Illinois suggest a definite allocation of time?

Mr. LUCAS. I should say that we ought to complete the debate in 4 hours.

Mr. WHERRY. That would mean 2 hours for each side.

Mr. LUCAS. Yes.

Mr. WHERRY. So far as I am personally concerned, I think we should do our level best to cooperate with the majority leader. Unless there is objection, I am perfectly willing to agree to a limitation.

Mr. TAFT. Mr. President, I would object—

Mr. LUCAS. I am not making a unanimous-consent request at this time. I am only putting out a "feeler", so to speak, with a view of trying to get to-

gether between now and next Tuesday, to see if we cannot limit debate.

Mr. TAFT. This is the resolution of the Senator from Arkansas [Mr. FULBRIGHT]. I do not believe that any agreement for limitation of debate should be made until he agrees to such a limitation. I think it can be made at any time between now and next Tuesday.

Mr. LUCAS. That is correct. The only thing I am trying to do is to save a little time. Every day some Senator asks me, "When are we going to get away? Can't you hurry things along just a little in the Senate, Senator LUCAS? I would like to go down to North Carolina and do a little trout fishing, or I would like to go up North and get a little sunshine in Canada, or some other argument, even more plausible."

Mr. WILEY. Wisconsin.

Mr. LUCAS. Yes. I should like to go to northern Wisconsin myself. I have a little summer home there.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McFARLAND. Arizona has the best sunshine.

Mr. LUCAS. I have heard differently. Mr. President, I realize that this is a very important measure. I do not want to limit the time if any Senator feels that the matter should be discussed the full length of time prescribed by law.

Mr. IVES. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. IVES. The Senator from New York would like to ask the Senator from Illinois when he plans to debate Reorganization Plan No. 2?

Mr. LUCAS. Immediately following the disposition of Reorganization Plan No. 1.

Mr. IVES. The same day?

Mr. LUCAS. Immediately following the disposition of Reorganization Plan No. 1.

Mr. IVES. Suppose the Senator does not succeed in getting an agreement for the limitation of debate. Would the Senate remain in session until 10 o'clock that night?

Mr. LUCAS. I do not know whether it would or not.

Mr. IVES. That would be 10 hours.

Mr. LUCAS. That is correct.

Mr. IVES. I assume the Senator will want the Senate to remain in session until the debate is completed.

Mr. LUCAS. The Senator from New York is now talking in favor of a night session.

Mr. IVES. I certainly am, if we can accomplish something by it.

Mr. LUCAS. We can in this case accomplish something with a night session, because of the limitation of time.

Mr. IVES. The suggestion I wish to make is simply this: It seems to me that we shall have at least 4 hours debate on Reorganization Plan No. 1, and it seems to me that an agreement ought to be reached as to the debate on Reorganization Plan No. 2, on the day following.

Mr. LUCAS. I will say to the Senator from New York that regardless of whether we fix the time or not, whether

it takes 4 hours or 10 hours, immediately following the disposition of Reorganization Plan No. 1 it is planned to proceed to the consideration of the resolution dealing with Reorganization Plan No. 2. That will follow immediately.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. TAFT. I think it should be added that in view of the provision of the law it is necessary for Senators who are interested in resolutions disapproving the plans to be present. Regardless of how many Senators are present, 49 votes will be required to disapprove the plans. I thought I would call attention to the fact that the setting of a particular day is very useful for that purpose. I trust that all Senators who disapprove the plans will be present.

Mr. LUCAS. As one Senator who will probably take a position opposite to that of the Senator from Ohio, I am not too much interested in that question.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. The reason I suggested a 4-hour limitation was that I talked with the Senator from Arkansas [Mr. FULBRIGHT]. I thought I knew something about what the situation would require. However, I have not been consulted by the senior Senator from Ohio. I suppose that by Tuesday we can reach an agreement as to the allocation of time, which I think is very desirable.

The second question which I wished to ask has already been asked by the Senator from New York [Mr. IVES]. No doubt it will be the majority leader's desire to obtain a limitation of debate on the resolution dealing with Reorganization Plan No. 2, if that is possible. Is that correct?

Mr. LUCAS. The Senator from Nebraska is correct. I should like very much to obtain a limitation of time on the debate on the reorganization plans.

I am very thankful to the Senator from New York for calling my attention to the fact that once we begin the debate we can continue for 10 hours and finish it. That may be exactly what we shall do if we cannot get a limitation of time.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. TAFT. Let me say that so far as I am concerned, not only will we agree to a limitation of debate on these two measures, but if the Senator from Illinois will list the other measures he wishes to get through and will ask for a limitation of debate on all of them, I shall do my best to secure a limitation on the debate, in order that at some time the Congress may be able to adjourn.

Mr. LUCAS. That is a very interesting suggestion, but I fear that if I should give the list to the Senator from Ohio, a number of Senators on his side of the aisle would not agree to any limitation which would be acceptable to him.

It may be that after we get the appropriation bills out of the way I shall sit down with my friend, the Senator from Ohio, and submit to him a list for his consideration. The responsibility for all







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IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JUNE 2), 1949  
Ordered to lie on the table and to be printed

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**AMENDMENTS**

Intended to be proposed by Mr. JOHNSON of Colorado to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, viz:

1       On page 2, line 13, strike out "corporation" and insert  
2       "applicant".

3       On page 2, line 14, strike out "corporation" and insert  
4       "applicant".

5       On page 2, line 21, strike out "corporation" and insert  
6       "applicant".

7       On page 2, line 23, strike out "corporation" and insert  
8       "applicant".

9       On page 3, line 4, after "agreements" insert the follow-  
10      ing: "(conforming to the second sentence of this section)".

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## **AMENDMENTS**

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August 15 (legislative day, JUNE 2), 1949

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gated, more difficult, and more total in character. I firmly believe that at no place else in the world are exemplary qualities of leadership so necessary to success as they are in the modern infantry battle waged with every type and kind of weapon and under conditions where only the skill and ability of commanders, noncommissioned and commissioned, can bring about that concert of action that is absolutely essential to victory.

Our country is making great sacrifices in money and materials to provide a reasonable assurance of security against the possibility of aggression. Unless adequate military leadership is included in these provisions, all these sacrifices, all these expenditures will be futile. Skilled military leadership is the indispensable ingredient to victory. We must insist that the quality of the individual, if selected for entry into the commissioned rank of the armed services, is of the highest. To do this we must provide reasonable incentive.

The present pay and allowance scales of our armed forces are far too small to permit men of ability to serve in noncommissioned and commissioned grades with self-respect and with human regard for their obligations to their families and to themselves. These pay scales are stupidly inadequate—corrective action must be taken without delay or we shall reach the bitter consequences of secondary leadership. Our sons and grandsons deserve better than this—they, if called to the defense of our country, deserve the leadership of able and capable Americans. Our countrymen have died in every corner of the globe, on the land, on the sea, and in the air, to assure that this Nation shall continue to exist as a free republic in which is recognized the essential dignity of the individual. Americans, if faced by aggressive threat in the future, will be equally ready to die, but all those deaths of the past and of the future will be futile unless the organized military forces in which future Americans serve are led by individuals morally, mentally, and physically qualified for the most severe and exhausting test of their capabilities.

Let me reiterate—I believe that unless we immediately provide a decent scale of pay and allowances that will attract good leadership of our military forces, we are foolish and stupid to spend on those forces the many billions of dollars we are now devoting to them. Without skilled leadership a military force is more helpless than if it were inadequately supplied with ration, transport, weapons, and ammunition.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. President, I believe that letter points out a fundamental truth; that is, that in our efforts to insure that enlisted personnel is fairly treated, we must not blind ourselves to the fact that leadership, too, is important, and must be fairly treated.

Now let us for a moment actually examine the record and see whether this bill favors the officer and neglects the enlisted man. I call attention to the table which appears on page 6 of our report, and I would ask Senators to examine the right-hand column of the table which shows the percentage increase in pay for the various officers, warrant officers, and enlisted men. If we examine the lower third of the table, we see that the percentage increase, reading down from the grade of master sergeant, are 24 percent, 28 percent, 37 percent, and so on down to 69 percent for the corporal having over 7 years' service, based upon the fact that these non-commissioned officers are married career

enlisted personnel. Dropping to the bottom portion of the table, we note that the increase for a corporal is 26 percent and then the figures for the lowest three grades drop to 9 percent, 6 percent, and so forth. This was based upon the Hook recommendations. The Hook Commission based their recommendations not only on their actuarial studies, but by actually talking with many uncoached enlisted men of all three services. It should be noted also that the lowest three enlisted grades have during the relatively recent past received pay increases, of over 300 percent, based on the 1908 scales.

Now I would call attention to the percentage increases in pay granted to officers, as shown on the upper third of the table. I believe the Senate will agree that these increases are certainly more modest percentage-wise than those granted to enlisted personnel. The committee does not feel that anyone who is familiar with the details of this proposed legislation can, with validity, contend that the Hook Commission, the House of Representatives, or your own committee, have discriminated against our enlisted personnel. Nothing was further from the thoughts, sentiments, or intentions of those groups.

One further thought is this: In addition to setting up a pay scale based upon skill and responsibility, this bill does the following additional things for the enlisted man.

First, it extends to him, for the first time, the same physical disability retirement laws as apply to officers.

Next, it places him on a par with officers in connection with travel and transportation allowances.

Next, it puts him in the same status as officers insofar as quarters allowances are concerned, as soon as he reaches the grade of corporal with 7 years' service, or as soon as he reaches the grade of sergeant, regardless of his length of service.

Next, it provides extra pay for foreign service, although such extra pay is taken away from officers.

In the light of these facts, we cannot agree that this bill is unfair to our enlisted personnel, or is partial to the officers.

Mr. President, it has been the earnest endeavor of your committee to make this bill fair and just to all. It is the sincere hope of the committee that the Senate will accept the views of the committee and will pass the bill. The other groups which have labored diligently on this important and completely worthy proposal, as we regard it, have done well. The Hook Commission, the House Committee on Armed Services, and your own committee have striven to produce a fair piece of legislation to correct many inequities and injustices.

We hope this bill will be enacted as a measure of justice to the men and women of the armed services and as an important measure of national defense for the safety of our homeland and the preservation of peace in the world.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. As one who has listened attentively to the speech of the distinguished Senator from Kentucky, and as one who knows how hard he worked in preparing himself and in assembling all the facts, let me commend him for his thoughtful exposition of this very technical subject.

Mr. CHAPMAN. Mr. President, I thank the Senator from Massachusetts more than I can express in language, for his undeserved compliment. I should like to add that in working a little on this bill, I was seeking only to emulate the example which was set by the eminent Senator from Massachusetts and others of my colleagues on the Committee on Armed Services.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LUCAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. Long in the chair). Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from New Mexico.

#### LIQUIDATION OF TRUSTS UNDER RURAL REHABILITATION PROGRAM

Mr. ANDERSON. Mr. President, on or about May 25, Senate bill 930 passed the Senate and was recalled from the House, because of the fact that the Senator from Colorado [Mr. JOHNSON] thought there should be an amendment to it. A motion to reconsider was entered and has been on the calendar ever since. I now ask that the votes by which the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, was ordered to be engrossed for a third reading, read the third time, and passed be reconsidered.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. Mr. President, the Senator from New Mexico spoke to me about this matter. I looked up the bill and discussed it with several of the Members on this side of the aisle. I know of no objection to granting the request. Before it is granted, however, I should appreciate it if the Senator would tell us the amendments he proposes to offer to the bill.

Mr. ANDERSON. I shall be happy to do that. The amendments proposed are suggested by the senior Senator from Colorado [Mr. JOHNSON]. The language of the bill, which is a bill to provide for the liquidation of trusts under the old rural rehabilitation program, provides that when a rural rehabilitation corporation made certain applications it should then do certain things. The Senator from Colorado feels it would be much safer if the language provided that "the applicant" must do certain



things; and his amendments merely strike out the word "corporation" and insert the word "applicant."

Mr. SALTONSTALL. So that the purpose of the amendment is to assist, and the purpose of the bill is not changed in any way. Is that correct?

Mr. ANDERSON. That is correct. It is a safeguard.

Mr. LUCAS. Mr. President, as I understand, it was the Senator from Colorado [Mr. JOHNSON] who made the motion to reconsider the vote by which the bill was passed.

Mr. ANDERSON. That is correct.

Mr. LUCAS. And the amendments are his amendments.

Mr. ANDERSON. That is correct.

The PRESIDING OFFICER. Without objection, the votes are reconsidered, and the bill is before the Senate.

Mr. ANDERSON. Mr. President, I submit the amendments offered by the senior Senator from Colorado [Mr. JOHNSON].

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 13, strike out "corporation" and insert "applicant."

On page 2, line 14, strike out "corporation" and insert "applicant."

On page 2, line 21, strike out "corporation" and insert "applicant."

On page 2, line 23, strike out "corporation" and insert "applicant."

On page 3, line 4, after "agreements" insert the following: "(conforming to the second sentence of this section)."

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from New Mexico for the Senator from Colorado. The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### MILITARY ASSISTANCE TO FOREIGN NATIONS

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MAGNUSON. Mr. President, on yesterday, during the consideration of the military aid bill, I submitted an amendment which complied with the House language and clarified the so-called maritime provision of 50-50 tonnage. By inadvertence, when the amendment was read, and the record so shows, the maritime section in the bill should have been stricken out and the language of the amendment inserted. As it turns out, the language to strike out the section to which the committee agreed was not read. I have consulted with the Parliamentarian. The bill has not yet been printed nor enrolled, and he suggested that a unanimous-consent request will cure the situation. I have consulted with the Foreign Relations Committee, and I ask unanimous consent at this time, in order to correct the situation referred to, that the vote by which the bill was passed, the vote on the engrossment and third reading of the bill, the vote agreeing to the committee amendment as amended, and the vote agreeing to the amendment of the Senator from Washington, be recon-

sidered, and that the amendment of the Senator from Washington be deemed to be a substitute for section 409, that it be agreed to, and that the committee amendment as amended be agreed to, that the amendment be engrossed, and the bill be read a third time, and passed.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I would say that obviously what the Senator from Washington says is correct, and that the two sections together in the bill would be superfluous.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### UNITED STATES RESTRAINTS ON VISAS FOR CHINESE

Mr. KNOWLAND. Mr. President, I shall ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, an article entitled "Chinese Won't Soon Forgive Us for Restraints on Visa Seekers," by Clyde Farnsworth, a Scripps-Howard staff writer. I wish to say that the general substance of the article is that, for perhaps the first time in our diplomatic history, a government which is a recognized government of a country has been told that its visas are not alone sufficient for entrance into this country by visitors, including official visitors, but that they must obtain the visa of a third country.

At the proper time, when we are discussing the nomination of Mr. Butterworth, on Monday, I think I shall be able to demonstrate by the presentation of facts that men in high position in the Government of China and those who under normal diplomatic courtesy would be allowed to enter this country on a visitor's visa, were told they would have to go either to Hong Kong or to Korea to get either a British or a Korean visa in addition to the visa of their own country.

So, Mr. President, I ask unanimous consent to have the article printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### CHINESE WON'T SOON FORGIVE US FOR RESTRAINTS ON VISA SEEKERS (By Clyde Farnsworth)

HONG KONG, September 21.—It may be years before the anti-Communist Chinese can forgive United States diplomatic officials for some of the things they have done recently.

Two incidents rankle most:

1. Premature closing of our Canton consulate, oldest United States diplomatic establishment in China; and
2. Recent State Department orders forbidding political visits to the United States of prominent Chinese.

#### CANTON DIDN'T FALL

The Canton consulate was closed August 24 by Minister Lewis Clark. According to Mr. Clark's calculations, Canton should have fallen to the Communists 4 weeks ago. It hasn't, but the Americans are gone. Mr. Clark notified the Chinese Foreign Office that United States interests were being transferred to the British consulate at Canton and the United States consulate here.

He said then he had information that the Communists would take Canton within a

week. The Foreign Office asked for 24 hours to furnish details of Canton's defenses. Mr. Clark replied that the United States felt, on the basis of past experience, that it was not good for United States diplomatic officials to fall into Red hands.

Following the move, Mr. Clark flew from Hong Kong to Canton a few times in a Navy plane until Vice Adm. Oscar Badger stopped it. Since then First Secretary Robert C. Strong has made occasional commercial flights there.

Now only three American consulates are operating in Nationalist China—Taipei, Chungking, and Kunming. Diplomatic relations are limited to occasional contacts in Washington between Chinese Ambassador Wellington Koo and the State Department.

#### POLITICAL VISITS BANNED

The order forbidding political visits to the United States, in effect, has barred entrance by Nationalist spokesmen who conceivably might plead their cause to the American public.

The shut-down of the Canton consulate—established in 1896—amounts to a restraint on visa seekers since they now must go to Hong Kong.

An example is the case of Dr. Hollington Tong, former Information Minister, who asked for a visa to study operations in the United States of the Chinese Central News Agency. It is reported that Dr. Tong, a Missouri University graduate, was told to "find a better reason." He previously had traveled in America without difficulty.

Another case is that of Dr. Hu Shih, philosopher, educator, and former Chinese Ambassador to Washington, who now is teaching at Harvard. Dr. Shih was unaware of the difficulties in obtaining his passport, which he got only after United States Ambassador J. Leighton Stuart personally guaranteed he would not become a public charge.

When Dr. Shih learned of it, he said he would leave American soil and never return. Chinese officials, presumably more interested in "face" than in truth, assured him the reports were not true. Former ambassadors customarily are granted diplomatic visas by the countries where they have served.

#### SECOND VISAS REQUIRED

Chinese students seeking to study in the United States now are required to have visas to additional countries even though they are registered in American schools. The reason is that the United States some day may be unable to return them to a Red China, and thus wants to shunt them to the countries of their second visas. Many of these students spent 2 months hunting for visas from minor consulates, which often collected handsome fees for their service. Some obtained British visas by buying faked certificates of birth on British soil.

On the other side of the ledger, Ambassador Stuart's secretary, Philip Fugh, recently accompanied him to the United States after their unsuccessful efforts in Nanking to establish diplomatic relations with the Chinese Reds. Mr. Fugh had neither passport nor visa, but apparently the State Department did not consider that trip political.

#### REFUSAL BY CERTAIN EXECUTIVE OFFICERS TO SUPPLY INFORMATION TO CONGRESS

Mr. KNOWLAND. Mr. President, yesterday I telephoned the Under Secretary of State, Mr. Webb, and called his attention to the reports I have had in reference to the difficulties in regard to the issuance of visas to Chinese. I requested of him a copy of the circular which was sent to our consulates at both Canton and Hong Kong. From the conversation I had with Mr. Webb, I had reason to believe that I would get that information.

CONSIDERATION OF H. R. 2392

OCTOBER 10, 1949.—Referred to the House Calendar and ordered to be printed

Mr. COLMER, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 382]

The Committee on Rules, having had under consideration House Resolution 382, report the same to the House with the recommendation that the resolution do pass.







## House Calendar No. 153

81ST CONGRESS  
1ST SESSION

# H. RES. 382

[Report No. 1390]

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### IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 1949

Mr. COLMER, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1      *Resolved*, That immediately upon the adoption of this  
2 resolution it shall be in order to move that the House resolve  
3 itself into the Committee of the Whole House on the State  
4 of the Union for the consideration of the bill (H. R. 2392)  
5 to provide for the liquidation of the trusts under the transfer  
6 agreements with State rural rehabilitation corporations, and  
7 for other purposes. That after general debate, which shall  
8 be confined to the bill and continue not to exceed one hour,  
9 to be equally divided and controlled by the chairman and  
10 the ranking minority member of the Committee on Agri-  
11 culture, the bill shall be read for amendment under the five-  
12 minute rule. At the conclusion of the consideration of the

1 bill for amendment, the Committee shall rise and report the  
 2 bill to the House with such amendments as may have been  
 3 adopted and the previous question shall be considered as  
 4 ordered on the bill and amendments thereto to final passage  
 5 without intervening motion except one motion to recommit.

House Calendar No. 153

81ST CONGRESS  
1ST SESSION

**H. RES. 382**

[Report No. 1390]

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## RESOLUTION

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Providing for the consideration of H. R. 2392,  
 a bill to provide for the liquidation of the  
 trusts under the transfer agreements with  
 State rural rehabilitation corporations, and  
 for other purposes.

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By Mr. COLMER

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OCTOBER 10, 1949

Referred to the House Calendar and ordered to be  
 printed







The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior is authorized and directed to convey by quitclaim deed to Lillian I. Anderson, of Valentine, Ariz., without consideration, the following-described tract of land in the Hualapai Indian School Reserve, Mohave County, Ariz.: That tract of land, seven hundred and thirty feet long and three hundred feet wide, lying along and adjacent to the southeasterly boundary line of the Atchison, Topeka & Santa Fe Railway in the southeast quarter of section 10, township 23 north, range 13 west, Gila and Salt River Meridian, containing five and five one-hundredths acres more or less, which tract is more particularly described as follows:

Beginning at a heavy steel railroad rail embedded in the ground along the southeasterly two hundred foot right-of-way boundary line of the Atchison, Topeka & Santa Fe Railway, from which, the southeast corner of section 10, township 23 north, range 13 west, Gila and Salt River Meridian, Mohave County, Ariz., bears north thirty-five degrees, fifty-five minutes east four thousands two hundred and fifty feet more or less, and from which, the four inches by four inches wood marker for United States 66 Highway station 1406-45A on the northwesterly boundary of the State highway right-of-way bears south seventy-one degrees thirty-seven minutes west, a distance of three hundred seventy and two-tenths feet; thence south twenty-four degrees fifty-eight minutes west along the said southeasterly right-of-way boundary of the Atchison, Topeka & Santa Fe Railway, a distance of two hundred and ninety feet to a point marked by an iron pipe, and thence two hundred and ninety feet more along this same course being a total of five hundred and eighty feet from the place of beginning to the southwest corner of the parcel of land being described marked by an iron pipe; thence, at right angle to the first course, south sixty-five degrees two minutes east a distance of three hundred feet to the southeast corner of the parcel of land marked by an iron pipe; thence north twenty-four degrees fifty-eight minutes east, and parallel to the first course, a distance of seven hundred and thirty feet to the northeast corner of the parcel of land marked by an iron pipe; thence, north sixty-five degrees two minutes west, a distance of three hundred feet to the northwest corner of the parcel of land marked by an iron pipe, being a point of intersection with the southeasterly boundary of the Atchison, Topeka & Santa Fe Railway right-of-way; thence south twenty-four degrees fifty-eight minutes west, along the southeasterly right-of-way, a distance of one hundred and fifty feet to the place of beginning.

SEC. 2. The Hualapai Tribe of the Hualapai Reservation, Ariz., acting through its tribal council, is hereby authorized to release to the United States any claim which it may have to the above-described tract of land, or on account of the holding or disposition thereof by the United States. In the absence of such a release, the quitclaim deed provided for in this act shall not convey any interest in said tract of land which is held by the United States in trust for said tribe, or the disposition of which would prejudice the rights of the United States or said tribe as against each other.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### YUMA PROJECT, ARIZONA

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1542) to authorize the withdrawal of public notices in the Yuma reclamation project, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. MURDOCK. This bill cancels certain penalties on water applications on the Yuma project in the State of Arizona.

Mr. MARTIN of Massachusetts. As I understand, it just brings that project onto an equality with projects that came in later?

Mr. MURDOCK. That is correct.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That (1) for the purpose of encouraging the filing of water-right applications on lands within the Yuma reclamation project by the reduction or elimination of increases in construction charges imposed by the provisions of section 9 of the Reclamation Extension Act (act of August 13, 1914, 38 Stat. 686, 689), the Secretary of the Interior, in his discretion, may from time to time withdraw or modify by public notice any public notice or public notices applicable to said project issued under the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto); and (2) for the additional purpose of making such adjustments with reference to water-right applications and other contracts affected by such increases as, in his judgment, are equitably required by reason of action taken under (1) above, the Secretary may by public notice make such modifications of water-right applications and contracts with water users' associations and others then in effect on said project as he may deem advisable and equitable: *Provided*, That nothing contained in this act shall be construed to amend section 4 of the Reclamation Extension Act aforesaid. Credits arising from a reduction or elimination of increases, in construction charges allowed by the Secretary hereunder shall be without interest and shall be applied at an equal rate per annum against construction charge installments thereafter to become due or, if and to the extent that such credits exceed such installments, as advance payments on operation and maintenance charges due or to become due: *Provided*, That no reduced rates or credits accruing pursuant to this Act in favor of any landowner during any period while he holds in single ownership in excess of 160 acres of irrigable land, upon which land the construction charges have not been paid in full, shall be allowed but such owners during the period of such excess ownership shall pay construction and other charges without credits or reductions allowable under this section.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### THE CURRENT ECONOMIC SITUATION

Mr. MONRONEY. Mr. Speaker, on the 10th of October our distinguished colleague the gentleman from Pennsylvania [Mr. RICH] referred to an address by Hon. Edward H. Foley, Under Secretary of the Treasury, in which he said:

It seems to me they are patterning after Hitler in the propaganda they are feeding the American people, and they are becoming drunk with power.

The gentleman from Pennsylvania was referring to a statement from that address which read:

The Nation's financial situation is one of unparalleled strength.

These charges of Hitler propaganda are strong words. I took occasion to look up the speech of the Under Secretary, and I found it to be seven pages in length.

In it he said that the banks of America are sound, that business under private enterprise is well run, that the industrial production in this Nation is increasing, that the brilliant performance and the technological advances by industry are creating new jobs, that there is no panic in the Nation, and that we are returning to a normal competitive condition.

One sentence in the entire seven pages of this address, which was called a Hitlerite bit of propaganda, referred to the financial condition of the United States Treasury. This sentence read:

Above all, the financial soundness of the United States Government—which is today the fulcrum of world stability and world peace—is beyond question.

That certainly is not Hitlerite propaganda.

I am inserting under the consent of the House, the entire speech by Under Secretary Foley, in the Appendix of the RECORD for the examination and information of the membership of this House.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. QUINN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### THE COMMUNIST TRIAL

Mr. QUINN. Mr. Speaker, the announcement just made that the 11 national officers of the Communist Party have been convicted is a most important one, because this verdict firmly establishes the fact that the Communist Party, United States of America, has for its purpose the overthrow of the Government of the United States by force and violence.



United States Attorney John F. X. McGohey, the Federal Bureau of Investigation, and all witnesses who testified for the Government in this important case are to be congratulated. Special praise should be given to Judge Harold Medina for his patience in this case and for giving to these defendants as Americans a fair and impartial hearing according to the best traditions of the United States of America.

Mr. CLEMENTE. Mr. Speaker, will the gentleman yield?

Mr. QUINN. I yield to the gentleman from New York.

Mr. CLEMENTE. Mr. Speaker, I should like to add my words of commendation to those of Congressman T. VINCENT QUINN, my able and worthy colleague from New York, who played a part in the preparation of this trial when he was the First Deputy Attorney General under Tom Clark. The events of the Communist trial for the past nine months have emphasized more than ever the danger to our liberty which springs to life during the slightest relaxation of that eternal and self-sacrificing vigilance that keeps men free. We should all firmly resolve that this great Nation of ours, patriotically protected in this instance by such great men as the patient Judge Harold Medina, the firm and determined John F. X. McGohey, and the true Americans, the members of the jury and the witnesses, shall not be lost to traitors corrupting from within as well as invaders from without. We are eternally grateful to these men and women who are most worthy of the trust placed in them and to those in similar positions of trust who will continue to expose the true character of these organizations and individuals to all the American people.

For God and country we should all renew our pledge of allegiance to consolidate the victory won by the conviction of these 11 Communists and to give every assistance to our governmental agencies in order that they might use their full resources for the battle still ahead.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. QUINN. I yield to the gentleman from Mississippi.

Mr. RANKIN. I wish also to add my word of commendation and to say now that the courts of Washington ought to wake up and prosecute this Negro Robeson for coming down here last night and holding a Communist meeting in Washington in which he denounced Members of Congress.

#### EXTENSION OF REMARKS

Mr. CLEMENTE asked and was given permission to revise and extend his remarks.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in two instances; in one to include resolutions unanimously adopted at a mass meeting of the Polish-Americans in the city of Chicago, and in another to include an article by Prof. J. Fred Rippy on American investments in Latin America, notwithstanding the fact that it

exceeds the limit set by the Joint Committee on Printing and is estimated by the Public Printer to cost \$277.50.

Mr. RODINO asked and was given permission to extend his remarks in two instances.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### A MEMORIAL TO FRANKLIN DELANO ROOSEVELT

Mr. SABATH. Mr. Speaker, the memory of man oftentimes is short. The noble and great deeds of leaders sometimes are forgotten, particularly in times where events are pressing on the mind of man.

There exists in Washington no adequate or permanent national memorial to the late Franklin Delano Roosevelt, elected four times as President of the United States. The late Mr. Roosevelt became President on that dark depression day of March 4, 1933, and during his years in the White House brought this country through a period of economic distress and safely through a war that threatened the lives and liberties of peoples all over the earth.

We all know that the American people and peoples in many other countries feel a deep debt of gratitude to Mr. Franklin Delano Roosevelt for the long and meritorious service he rendered this Nation and the peace-loving nations of the earth.

Therefore, I am introducing today a joint resolution in the House and Senator CLAUDE PEPPER, of Florida, is introducing an identical resolution in the Senate to create a Franklin Delano Roosevelt Memorial Commission for the purpose of formulating plans for the construction of a permanent memorial to that great American leader in the city of Washington.

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

#### EXTENSION OF REMARKS

Mr. KLEIN asked and was given permission to extend his remarks in the RECORD in four instances, in each to include extraneous matter.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD in two instances, in each to include extraneous matter.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### PROPOSED LIQUIDATION OF STATE RURAL REHABILITATION CORPORATIONS

Mr. MARSHALL. Mr. Speaker, I take this time to call attention to the Members of the House that the bill (H. R.

2392) providing for the liquidation of State rural rehabilitation corporations, and for other purposes, will come up later today. I believe it would be very desirable if the Members of the House during the interval would give a little attention to this particular bill because it may affect some of your States as severely as it will affect my State. It seems to me this bill calls for the dissipation or at least prohibits Federal use of about \$50,000,000 worth of assets. I think that is considerable money. I think it is something that all of the Members who are interested in saving money and making the proper use of these funds would be interested in looking into. This program is now being administered by the Farmers Home Administration.

The SPEAKER. The time of the gentleman from Minnesota has expired.

#### EXTENSION OF REMARKS

Mr. CROOK asked and was given permission to extend his remarks in the RECORD on the subject of the integrity of Poland should be protected, and to include therewith a letter and a resolution from the Polish Falcons Z. B. No. 1 in South Bend, Ind.

Mr. FURCOLO asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DOLLINGER asked and was given permission to extend his remarks in the RECORD.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. KRUSE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### THE ARMED SERVICES

Mr. KRUSE. Mr. Speaker, I feel compelled to rise at this time to say a word about the hearings now being held before the Committee on Armed Services. Some very able leaders of our military have given some very revealing and profound testimony to the members of that committee.

I sincerely hope that every Member of the House of Representatives will read every single word of the testimony that has been introduced. I know we have a very fine Committee on Armed Services in the House, but I think the matter is so important that every Member of this House should make himself thoroughly familiar with the statements that have been made.

The SPEAKER. The time of the gentleman from Indiana [Mr. KRUSE] has expired.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. BREEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### UNIVERSITY OF DAYTON

Mr. BREEN. Mr. Speaker, the Ohio bipartisan congressional delegation join with me today in extending congratulations and best wishes to the University



of the character, worth, the sincerity, and the abilities of SAM RAYBURN.

Mr. Speaker, in conclusion may I present a letter from our ever gracious host and friend, FRANK BOYKIN.

The letter is addressed to one well known to a majority of the Members of this House and, in fact, to thousands of our people here in Washington. He is none other than Col. Albert Ernest, of Mobile and Savannah, Ga., executive and financier and one of FRANK's business associates.

The letter is as follows:

SEPTEMBER 1, 1949.

MY DEAR ALBERT: I want to thank you, and through you every member of the committee on arrangements for the SAM RAYBURN dinner, for the wonderfully beautiful job you all did.

No one person more than myself can appreciate the tremendous task you had in compiling the guest list of more than a thousand of SAM's and my friends living in every quarter of the globe.

The printing job was a masterpiece of craftsmanship—expressed on a quality of paper the like of which I never before saw.

The music, vocal as well as instrumental, reflected your own study and deep appreciation of the type of music highly suited to the cosmopolitan assembly that met that night.

The food, the beverages, the service, the seating of the guests and the remarkable menu provided all contributed to making it one of the happiest nights that I have ever lived.

No letter of mine about that dinner would be complete if I did not again say that I regard SAM RAYBURN as one of the greatest men that ever stood in shoe leather, and certainly one of the greatest public servants that has ever served this country.

Albert, please accept my heartfelt thanks for all that you and your fellow workers on the committee of arrangements did to make that night the successful affair that it certainly proved to be.

With all love and God's blessing—believe me,

Sincerely your friend and cousin,  
FRANK BOYKIN.

(Copy of letter to all of the following committee on arrangements: Albert Ernest, chairman; Hon. Jasper Bell; Hon. Sam Boykin; Hon. William M. Boyle, Jr.; Hon. Clarence Cannon; Hon. Tom Clark; Hon. Homer Cummings; Capt. John (Bud) Delano; Hon. Robert Doughton; Maj. Gen. Sanderford J. J. Jones; Hon. Marvin Jones; Hon. John E. Lyle, Jr.; Hon. John W. McCormack; Hon. James W. McGrannery; Hon. J. Howard McGrath; Hon. Joseph W. Martin, Jr.; Hon. Wright Patman; Hon. Kenneth Regan; Hon. Adolph J. Snyder; Dr. John Steelman; Hon. Max O'Rell Truitt; Hon. Carl Vinson; Hon. Francis E. Walter; William M. (Fishbait) Miller, doorman.)

BUNGE NORTH-AMERICAN GRAIN CORP. AND OTHERS—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 374)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, the bill (H. R. 4094) for the relief of Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp.

The bill authorizes and directs the

General Accounting Office to make a full and complete examination into the claims of the Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp. against the United States, arising out of the condemnation, in 1942, by the War Department, of property known as the New York Foreign Trade Zone, situated in the Borough of Richmond, city and State of New York, in which the above-mentioned parties had certain interests connected with the claimed leasehold rights therein. The claims, under the bill, are confined to the moving costs, if any, allegedly suffered, directly or indirectly, by the aforesaid parties, resulting from the condemnation referred to above, following which the General Accounting Office is required to certify payments to claimants out of any money in the Treasury not otherwise appropriated.

In January 1942, it was determined that a military necessity existed for the acquisition of certain pier and storage facilities at Staten Island, N. Y., known as the foreign free-trade zone. Accordingly, the Attorney General was requested to institute proceedings for the condemnation for a term of 2 years. The area comprised approximately 55 acres and was utilized by the War Department for the establishment of pier facilities for the storage and shipment of military supplies.

The four parties mentioned in this bill were occupying space in the free-trade zone at the time the Government took the facilities over and consequently were forced to move to new premises. None of the claimants occupied his space under lease, but had merely entered into warehouse agreements on a month-to-month basis with 30-day cancellation clauses. Although the claimants appeared in the condemnation proceeding and asserted claims for damages, they were subsequently withdrawn by their attorneys in open court. The losses allegedly suffered by the claimants arose primarily from moving costs incurred in vacating their original premises and moving to other warehouses in the vicinity.

To reimburse claimants in this instance for moving costs resulting from the acquisition by the Government of their premises would be to discriminate against countless individuals and firms whose premises were acquired by the Government during the war period and who incurred similar costs for which they were not reimbursed. (See *United States v. Petty Motor Co.* (327 U. S. 372).) At the time claimants' premises were acquired, thousands of other tracts were being acquired under similar circumstances in accordance with accepted market value standards.

Were it evident that claimants had been deprived at any stage of the legal proceedings relating to this acquisition, of any of their legal rights, some equity or basis for the instant claim could be perceived. However, such does not appear to have been the case. All of the parties involved were duly served with process and were duly accorded their day in court. Enactment of the bill would establish an undesirable precedent for

the introduction of numerous other claims for reimbursement arising from similar acquisitions.

For the foregoing reasons, I am constrained to withhold my approval from the bill.

HARRY S. TRUMAN.

The WHITE HOUSE, October 14, 1949.

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Without objection, the message and accompanying bill will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

COLORADO-BIG THOMPSON RECLAMATION PROJECT—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 375)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning without my approval H. R. 5134, to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project.

This bill is intended to provide for the planning, construction, and operation of fish, wildlife, game, and recreational facilities in connection with the Colorado-Big Thompson project. To this end, it includes several major provisions. It would authorize the Secretary of the Interior to plan joint programs under cooperative agreements with State, Federal, municipal, or local agencies, and to advance funds to such agencies in connection with the planning or execution of these programs. It would also authorize the Secretary to construct, operate, and maintain fish, wildlife, game, public park, and recreational facilities, including the purchase of land or other rights or property where necessary. The bill would direct the Secretary to make non-reimbursable allocations of such portion of the construction costs of the Colorado-Big Thompson project, heretofore or hereafter incurred, as in his judgment represents the cost of fish, wildlife, game, and recreational development. The bill provides that in the event the Secretary, the interested State agencies, and the local interests were unable to agree on any of the major features of any plan or program proposed by the Secretary under this bill, the matter would have to be referred to the Congress and the proposed work could not proceed, except on approval by an act of Congress. Finally, the bill would authorize the appropriation of not to exceed \$100,000 to carry out its provisions.

I am unable to approve this bill because of two major objections. First, this bill would establish, for this one project only, certain policies which represent an important departure from present national law, but which have not been studied sufficiently to know whether or not they form a desirable basis for a new national policy.

I am particularly concerned about the recreation features of this bill. Almost



all multiple-purpose projects for developing our water resources present opportunities to realize valuable recreational benefits, especially where large reservoir-lakes are created. Those recreational benefits should clearly be realized, for the benefit of the people who live nearby and those who may visit. But there are serious questions of national policy which must be answered before such recreational development can proceed on a sound basis.

For example, are the benefits of such recreational development, in connection with reclamation projects or flood-control projects, of sufficient national importance to justify the investment of Federal funds, or should some or all of the costs be borne by State and local interests? This bill contains no policy guidance on these questions. They are, however, clearly matters of national policy which should be considered with respect to water-resources projects generally, before embarking on large-scale individual projects.

Another example of a major policy question raised by this bill which needs further study is what part, if any, of the construction cost of multiple-purpose water-control projects should be allocated to recreation. Until now, the basic laws have authorized the allocation of the costs of multiple-purpose projects to flood control, navigation, irrigation, power, and municipal water supply, as appropriate in particular cases. In certain cases, where the development of facilities to protect fish and wildlife has been incidental to other work on a project or necessary to prevent damage to those resources, the law also authorizes the allocation of part of the cost of multiple-purpose projects to the preservation and propagation of fish and wildlife. The basic laws do not authorize the allocation of any part of joint project costs to recreation; in the few cases where recreation facilities have been built so far, they have been separately justified and financed. This bill, however, must require nonreimbursable allocations to recreation of part of the cost of joint features of the Colorado-Big Thompson project. It would clearly be unwise to adopt such a policy in connection with this one project, before it has been decided whether adoption of such a general policy is in the national interest. Furthermore, if such a general policy is to be adopted, there should certainly be provision for careful standards to guide its application to particular cases—standards which are not provided for in this bill.

My second major objection to this bill is that it contains certain specific features which it is clear without further study are unwise. One of these is the provision that State agencies and local interests could prevent the Secretary of the Interior from proceeding with any major action under the bill if they disagreed with him in any respect. It seems to me that this carries to an illogical extreme the desirable principle that State and local interests should participate in Federal programs for developing water resources. Surely it is possible to provide for adequate cooperation among

Federal, State, and local agencies without giving State and local agencies a complete veto over the administration of a Federal law by a Federal administrative officer.

Another specific provision of this bill which is objectionable is that it authorizes only \$100,000 to be appropriated to carry out its provisions. The legislative history of the bill contains no explanation of this figure. It is such a small part of the probable total cost of the bill that it is relatively meaningless and certainly misleading. The Secretary of the Interior has estimated that the ultimate development costs for the purposes stated in the bill would be in the neighborhood of \$2,000,000—and this figure does not appear to include any allocation of construction costs heretofore incurred in connection with irrigation and power features which, under this bill, would be reallocated and written off as nonreimbursable. It does not seem to me to be appropriate, particularly in connection with a Federal public-works project, to authorize extensive work to be done by the Government unless the full cost of that work is simultaneously understood and approved.

For these reasons, I believe that further study is required in both the executive and legislative branches before we shall be in a position to establish sound, long-range policies for recreational development in connection with water-resources projects generally, and for the Colorado-Big Thompson project in particular. Consequently, I feel impelled to withhold my approval from this bill.

HARRY S. TRUMAN.

THE WHITE HOUSE, October 14, 1949.

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. PETERSON. Mr. Speaker, I move that the message and accompanying bill be referred to the Committee on Public Lands and ordered to be printed.

The motion was agreed to.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### TRUST AGREEMENTS

Mr. MARSHALL. Mr. Speaker, I take this opportunity to again call the attention of the Members of the House to the fact that H. R. 2392 will be taken up for consideration on Monday next. I think this bill deserves the consideration of every Member of the House, because the trust agreements that were entered into in the establishment of the Rehabilitation Corporation as between the States, and those not entering into those trust agreements makes quite a difference as between the States. I am sure there are some States similar to Minnesota where this bill would be not only very harmful and injurious to the Farmers Home Administration. We have heard some very fine comments about the Farmers Home Administration and the work they have

been doing during this session of the Congress. I urge every Member to take the opportunity of studying this particular bill as to how it may affect your own particular State.

The SPEAKER. The time of the gentleman from Minnesota [Mr. MARSHALL] has expired.

#### CORRECTION OF THE PERMANENT RECORD

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to have my remarks appearing in the Appendix of yesterday's RECORD at page A6574, be stricken from the RECORD, and in their place inserted the corrected remarks that I am submitting herewith. I ask that these corrected remarks be reprinted in today's RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### EXTENSION OF REMARKS

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD in two instances.

#### SPECIAL ORDER

The SPEAKER pro tempore (Mr. MURDOCK). Under previous order of the House, the gentleman from Georgia [Mr. DAVIS] is recognized for 30 minutes.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

#### THE HENDERSON CASE

Mr. DAVIS of Georgia. Mr. Speaker, I have noted with interest the remarks made in recent days on the floor of the House by Messrs. Gossett, of Texas; Colmer, of Mississippi; Herlong, of Florida; and Williams, of Mississippi, calling attention to a brief filed by the Solicitor General of the United States in the case of Henderson against the Interstate Commerce Commission et al., pending in the Supreme Court of the United States.

There is nothing unusual about the case in itself. It does not present a new issue. It is one of many cases in which attacks in the past have been made in the courts upon segregation laws—an effort to have the courts substitute for existing law a new provision which is not law and which cannot become law under our system of government, unless appropriate and constitutional action is taken by the legislative department of our Government, upon whom the responsibility rests to make legislative changes; namely, the Congress of the United States.

The courts have consistently refused to assume lawmaking powers in connection with this question.

The circumstance connected with the filing of this brief which is unusual is the fact that the Solicitor General of the United States has permitted radical minority pressure groups to use him and the prestige of his office in their conniving efforts to pressure the United States Supreme Court into changing the law.

Briefly stated this case originated when the plaintiff, a field representative of the so-called Fair Employment Practices Commission, petitioned the Interstate







ment of actions brought by the Administrator with respect to claims for unpaid minimum wages or overtime compensation owing to employees under the act. Section 16 (b) of the conference agreement adopts the Senate provision, amended to exclude the provisions of section 3 (c) of the act from the operation of this section.

Existing orders: The House bill (sec. 3 (b)) provided that orders, regulations, and interpretations of the Administrator or of the Secretary of Labor, and agreements entered into by the Administrator or the Secretary of Labor, in effect under the act on the date of enactment of the Fair Labor Standards Amendments of 1949 should remain in effect as orders, regulations, interpretations, or agreements of the Administrator or the Secretary of Agriculture, as the case might be, except to the extent that any such order, regulation, interpretation, or agreement might be inconsistent with the provisions of the amendments or might from time to time be amended, modified, or rescinded by the Administrator or the Secretary of Agriculture, as the case might be, in accordance with the provisions of such amendments. The Senate amendment did not contain any provisions dealing with this matter. Section 16 (c) of the conference agreement follows the provisions of the House bill with respect to this matter, except that in accordance with the decision by the conferees to make no change with respect to administration of the act the references to the Secretary of Agriculture contained in the House bill have been changed to references to the Secretary of Labor.

Existing liabilities: The House bill (sec. 3 (c)) provided that penalties or liabilities, with respect to any act or omission occurring prior to the effective date of the fair labor standards amendments of 1949, should not be affected by any amendment made therein, except that after 2 years from such effective date no action was to be instituted under section 16 (b) with respect to any liability accruing thereunder for any act or omission occurring prior to the effective date. The Senate amendment contained no such provision. Section 16 (d) of the conference agreement adopts the House provisions. This provision will save the rights of the United States in respect to criminal prosecutions and of employees under section 16 (b). Penalties and liabilities for past acts are unaffected; also, injunctions previously issued by the courts under section 17 retain their validity, except to the extent that the acts or omissions upon which the injunctions were based are no longer unlawful under or prohibited by the amendments made by the conference agreement. The 2-year limitation provision is similar to section 6 of the Portal-to-Portal Act of 1947.

Retroactive provisions: The House bill (sec. 3 (e)) expressly gave retroactive effect to sections 7 (d) (6), 7 (d) (7), and 7 (g), by adding language identical in effect to that of section 2 of the act of July 20, 1949 (Public Law 177, 81st Cong., 1st sess.). The Senate amendment contained no such provision. The conference agreement follows the approach of the House bill in this respect.

Section 16 (e) of the conference agreement provides that no employer shall be subject to any liability or punishment under the Fair Labor Standards Act of 1938, as amended, in any action or proceeding commenced prior to or on or after the effective date of the conference agreement on account of the failure of said employer to pay an employee compensation for any period of overtime work performed prior to July 20, 1949 (the effective date of Public Law 177, 81st Cong., 1st sess.), if the compensation paid prior to that date for such work was at least equal to the compensation which would have been payable therefor had sections 7 (d) (6), 7 (d) (7), and 7 (g) of the Fair Labor

Standards Act of 1938, as amended by the conference agreement, been in effect at the time of such payment.

Repeal of Public Law 177, Eighty-first Congress: Section 16 (f) of the conference agreement contains a new provision repealing the act of July 20, 1949 (Public Law 177, 81st Cong., 1st sess.). The substance of section 1 of said act has been incorporated in section 7 (d) (6), 7 (d) (7), and 7 (g) of the Fair Labor Standards Act of 1938, as amended by the conference agreement. Section 2 of said act is likewise no longer necessary in view of the language contained in section 16 (e) of the conference agreement.

JOHN LESINSKI,  
AUGUSTINE B. KELLEY,  
ADAM C. POWELL, Jr.,  
SAMUEL K. MCCONNELL, Jr.,  
WALTER E. BREHM,  
*Managers on the Part of the House.*

#### INTERNATIONAL WHEAT AGREEMENT

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 6305, an act to give effect to the International Wheat Agreement signed by the United States and other countries, relating to the stabilization of supplies and prices in the international wheat market, with Senate amendments, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. SPENCE, Mr. BROWN of Georgia, Mr. PATMAN, Mr. MONRONEY, Mr. WOLCOTT, Mr. GAMBLE and Mr. KUNKEL.

#### PALM BEACH, FLA.

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 2517, an act directing the Secretary of the Interior to convey certain land to Palm Beach County, Fla., with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, after "lands", insert "for use by said county for recreational or park purposes."

Page 1, strike out lines 10 and 11, and insert:

"Sec. 2. Such lands shall be sold at a price not less than 50 percent of the appraised fair-market value as determined by the Secretary of the Interior: *Provided*, That title to such lands shall revert to the United States upon payment of the purchase price to said county upon a finding by the Secretary of the Interior that for a period of five consecutive years such land has not been used by said county for recreational or park purposes, or that such land or any part thereof is being devoted to other use."

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. PETERSON]?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, as I understand it these amendments specify that the land cannot be sold at less than 50 percent of the appraised value, and if the county does not use it within 5 years it is to be returned to the Federal Government.

Mr. PETERSON. The gentleman is correct.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. TRIMBLE asked and was given permission to extend his remarks in the Record and include a resolution.

Mr. LANE asked and was given permission to extend his remarks in the Record in three instances and include extraneous matter.

Mr. BIEMILLER asked and was given permission to extend his remarks in the Record in three instances and include extraneous matter.

Mr. CLEMENTE asked and was given permission to extend his remarks in the Record and include the charge to the jury given by Judge Medina, of New York, notwithstanding that it is estimated by the Public Printer to make seven and one-half pages of the CONGRESSIONAL RECORD at a cost of \$615.

Mr. WHITE of California asked and was given permission to extend his remarks in the Record in two instances and to include two pieces of extraneous matter.

Mr. MILLER of California asked and was given permission to extend his remarks in the Record and include a magazine article.

Mr. MORRISON asked and was given permission to extend his remarks in the Record.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### LIQUIDATION OF TRUSTS UNDER TRANSFER AGREEMENTS

Mr. MARSHALL. Mr. Speaker, the bill (H. R. 2392) to provide for the liquidation of trusts under transfer agreement with the State Rural Rehabilitation Corporation is to be up for discussion, according to the program, this afternoon. I know some of the Members have had an opportunity to look over this bill over the week end. A number have asked me in connection with these trust funds where their States do not have much money involved. I think the Members from those States would be particularly interested in this particular bill because it means a depletion of Federal funds that were set aside for those purposes. If the Farmers Home Administration loses the use of \$50,000,000 of assets, it will mean an increase in the tax load for your particular areas to make up lack of funds.

I do not think this is the time for the Federal Government to be giving away these funds.

The SPEAKER. The time of the gentleman from Minnesota has expired.



## EXTENSION OF REMARKS

Mr. ARENDS asked and was given permission to extend his remarks in the RECORD.

Mr. VURSELL (at the request of Mr. ARENDS) was given permission to extend his remarks in the RECORD in two instances.

Mr. NORBLAD asked and was given permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in three separate instances and in each to include extraneous matter.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the Appendix of the RECORD and include therein a letter from the State Department and a release from the Secretary of the Treasury.

Mr. GROSS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a petition.

Mr. SCRIVNER asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech by Gen. Omar N. Bradley.

Mr. MCGREGOR asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper editorial.

Mr. REED of New York asked and was given permission to extend his remarks in the Appendix of the RECORD in five separate instances and in each to include extraneous matter.

Mr. REES asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and in each to include extraneous matter.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution.

Mr. SULLIVAN asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the St. Louis Labor Tribune of September 21.

Mr. FEIGHAN asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and in each to include extraneous matter.

## SPECIAL ORDERS GRANTED

Mr. CRAWFORD asked and was given permission to address the House for 5 minutes today following the legislative business of the day and any special orders heretofore entered.

Mr. BRYSON asked and was given permission to address the House for 15 minutes today following the business of the day and the special orders heretofore entered.

## PERMISSION TO ADDRESS THE HOUSE

Mrs. BOLTON of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

[Mrs. BOLTON of Ohio addressed the House. Her remarks appear in the Appendix of today's RECORD.]

## PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

## THE PROSPERITY REVENUE ACT

Mr. PLUMLEY. Mr. Speaker, the day is coming, in fact is here, now, when we shall have to adopt a new line of thinking with respect to our revenue-producing tax structure, in order to meet the demands of the day and the age in which we live. In my day I have been a tax attorney. I believe I see the handwriting on the wall.

It is time we gave some consideration to new means and different methods of raising revenue.

I could discuss that statement successfully at great length.

Mr. Speaker, H. R. 6135, the Prosperity Revenue Act, is a fundamental approach to the problems which face us. It seeks to remove the cause of our troubles. It has been called a blueprint to freedom, and those who comprehend its spirit and scope are insisting on more details, especially in regard to the distinction between an employee and a contractor, and on the conversion from corporate accounting to trustee's accounting as the solution of the wage and pension problems.

I venture to say that there would be no coal and steel strike now, if we had been operating this year under the Prosperity Revenue Act.

I take pleasure, therefore, in introducing by request a more complete version of the Prosperity Revenue Act, to replace H. R. 6135. I commend it to your serious consideration.

The demand for this new bill will require the printing of many thousands of copies. It will be widely discussed all over the country before we meet again in January.

It is the beginning of something in a line of thinking for which somebody had to be responsible. I assume responsibility, having discussed the elements involved with some of the ablest tax lawyers in this country today.

## PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

## SECRETARY KRUG'S SUBVERSIVE EFFORTS TO ABOLISH SEGREGATION IN THE DISTRICT OF COLUMBIA

Mr. RANKIN. Mr. Speaker, it looks as if Secretary Krug of the Interior Department is determined to stir up race riots in the District of Columbia.

His order to wipe out segregation in the various playgrounds over which the

Department of the Interior has jurisdiction in the city of Washington is nothing in the world but a communistic movement which if carried out is bound to stir race trouble all over the country.

If Mr. Krug is going to carry on that kind of subversive effort he ought to resign—or be impeached.

## CALL OF THE HOUSE

Mr. WILSON of Indiana. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 233]

Abbott	Green	Murphy
Allen, Calif.	Gregory	Nixon
Allen, Ill.	Gwinn	Noland
Angell	Hale	Norblad
Barden	Hall	Norton
Barrett, Wyo.	Edwin Arthur	O'Hara, Ill.
Bates, Ky.	Hall	Patten
Bentsen	Leonard W.	Pfeiffer
Bland	Hand	Joseph L.
Blatnik	Harvey	Pfeiffer
Boggs, La.	Hays, Ohio	William L.
Bolton, Ohio	Hébert	Phillips, Calif.
Bonner	Heller	Phillips, Tenn.
Buchanan	Herlong	Pickett
Buckley, Ill.	Hinshaw	Poulson
Buckley, N. Y.	Hoffman, Ill.	Powell
Bulwinkle	Hoffman, Mich.	Rains
Burke	Jackson, Calif.	Ramsay
Byrne, N. Y.	James	Regan
Carroll	Javits	Rhodes
Celler	Jenkins	Ribicoff
Chatham	Jensen	Richards
Christopher	Jonas	Riehlman
Chudoff	Judd	Rogers, Fla.
Cole, Kans.	Kean	Roosevelt
Coudert	Kee	Sanborn
Crosser	Kelley	Scott
Dague	Kennedy	Hugh D. Jr.
Davenport	Keogh	Sikes
Davies, N. Y.	King	Simpson, Pa.
Dawson	Klein	Smathers
DeGraffenried	Kunkel	Smith, Ohio
Dollinger	Larcade	Steed
Dondro	LeFevre	Stockman
Donohue	Lichtenwalter	Tauriello
Douglas	Linehan	Taylor
Doyle	Lucas	Thomas, N. J.
Durham	McConnell	Thompson
Eaton	McGrath	Thornberry
Ellsworth	McSweeney	Towe
Elston	Mack, Ill.	Underwood
Fenton	Macy	Vursell
Fisher	Mansfield	White, Idaho
Fulcolo	Marcantonio	Wier
Garmatz	Mason	Withrow
Gary	Miller, Md.	Wolverton
Golden	Morgan	Woodhouse
Gordon	Multer	Yates
Gorski, Ill.	Murdock	

The SPEAKER. On this roll call, 281 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

## CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

## RESIDENT COMMISSIONER FROM THE VIRGIN ISLANDS

The Clerk called the bill (H. R. 2988) to provide for a Resident Commissioner from the Virgin Islands, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?







Mr. PRIEST. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 247, nays 125, answered "present" 1, not voting 59, as follows:  
[Roll No. 75]

## YEAS—247

Addonizio	Hall	Murdock
Albert	Edwin Arthur	Murphy
Allen, Calif.	Halluck	Murray, Tenn.
Angell	Hand	Nelson
Aspinall	Hardy	Nixon
Bailey	Hare	Noland
Baring	Harris	Norton
Barrett, Pa.	Harrison	O'Brien, Ill.
Bates, Mass.	Hart	O'Brien, Mich.
Battle	Havenner	O'Hara, Ill.
Beall	Hays, Ark.	O'Hara, Minn.
Beckworth	Hays, Ohio	O'Konski
Bennett, Fla.	Hébert	O'Neill
Bennett, Mich.	Heffernan	O'Sullivan
Biemiller	Heller	O'Toole
Blatnik	Herlong	Pace
Boggs, La.	Heselton	Patman
Bolling	Hill	Patten
Bosone	Hinshaw	Perkins
Bramblett	Hofffield	Peterson
Breen	Holmes	Pfeifer
Brown, Ga.	Hope	Joseph L.
Bryson	Horan	Philbin
Buchanan	Howell	Phillips, Tenn.
Buckley, Ill.	Huber	Polk
Buckley, N. Y.	Hull	Powell
Burdick	Irving	Preston
Burke	Jackson, Wash.	Price
Burnside	Javits	Priest
Burton	Jenkins	Quinn
Byrne, N. Y.	Johnson	Rabaut
Canfield	Jones, Ala.	Rains
Carnahan	Jones, Mo.	Ramsay
Carroll	Judd	Rhodes
Case, N. J.	Karst	Ribicoff
Case, S. Dak.	Karsten	Richards
Cavalcante	Keating	Rodino
Celler	Kee	Rogers, Fla.
Chelf	Keefe	Rooney
Chesney	Kelley, Pa.	Roosevelt
Christopher	Kelly, N. Y.	Sasser
Clemente	Kennedy	Scott
Combs	Keogh	Hugh D., Jr.
Cooper	Kerr	Scudder
Cox	Kilday	Secrest
Crook	King	Sheppard
Crosser	Kirwan	Sikes
Cunningham	Klein	Sims
Davenport	Kruse	Spence
Davies, N. Y.	Lane	Staggers
Davis, Ga.	Lanham	Steed
Davis, Wis.	LeCompte	Stefan
Dawson	Lemke	Stigler
Deane	Lesinski	Sullivan
DeGraffenried	Lind	Sutton
Delaney	Linehan	Tackett
Denton	Lodge	Talle
Dingell	Lynch	Tauriello
Dollinger	McCarthy	Thomas
Dolliver	McCormack	Thompson
Donohue	McDonough	Tollefson
Doyle	McGuire	Trimble
Durham	McKinnon	Van Zandt
Eberharter	McMillen, Ill.	Vinson
Elliott	McSweeney	Vorys
Engel, Mich.	Mack, Ill.	Wagner
Evins	Madden	Walsh
Fallon	Magee	Walter
Feighan	Mahon	Welch
Fernandez	Mansfield	White, Calif.
Flood	Marsalis	Whittington
Fogarty	Marshall	Wickersham
Forand	Marrow	Widnall
Frazier	Michener	Wigglesworth
Garmatz	Miles	Willis
Gary	Miller, Calif.	Wilson, Okla.
Gordon	Miller, Nebr.	Withrow
Gorski	Mills	Wolcott
Gossett	Mitchell	Wolverton
Granahan	Monroney	Yates
Granger	Morgan	Young
Grant	Morris	Zablocki
Green	Moulder	
Gregory	Multer	

## NAYS—125

Abernathy	Andrews	Bates, Ky.
Andersen	Arends	Bishop
H. Carl	Auchincloss	Bolton, Ohio
Andresen	Barden	Bonner
August H.	Barrett, Wyo.	Brehm

Brown, Ohio	Harden	Rankin
Burleson	Hobbs	Reed, Ill.
Byrnes, Wis.	Hoeven	Reed, N. Y.
Camp	Hoffman, Mich.	Rees
Carlyle	James	Rich
Chatham	Jenlson	Riehlman
Chiperfield	Jennings	Rivers
Church	Jensen	Rogers, Mass.
Clevenger	Jonas	Sadlak
Cole, Kans.	Jones, N. C.	St. George
Cole, N. Y.	Kearney	Sanborn
Colmer	Kearns	Saylor
Cooley	Kilburn	Scrivner
Corbett	Larcade	Shafer
Cotton	Latham	Short
Crawford	Lichtenwalter	Simpson, Ill.
Curtis	Lovre	Simpson, Pa.
Dague	Lucas	Smith, Kans.
D'Ewart	McConnell	Smith, Va.
Dondero	McCulloch	Smith, Wis.
Doughton	McGregor	Stanley
Elston	McMillan, S. C.	Stockman
Fellows	Mack, Wash.	Taber
Fenton	Martin, Iowa	Taylor
Fisher	Martin, Mass.	Velde
Ford	Mason	Vursell
Fulton	Meyer	Wadsworth
Gamble	Miller, Md.	Weichel
Gathings	Morton	Werdel
Gavin	Nicholson	Wheeler
Gillette	Norblad	Whitten
Golden	Norrell	Wier
Goodwin	Passman	Williams
Graham	Patterson	Wilson, Ind.
Gross	Pfeiffer	Winstead
Gwynn	William L.	Wood
Hagen	Phillips, Calif.	Woodruff
Hale	Pickett	

## ANSWERED "PRESENT"—1

Harvey

## NOT VOTING—59

Abbutt	Furcolo	Page
Allen, Ill.	Gilmer	Potter
Allen, La.	Gore	Poulson
Anderson, Calif.	Hall	Redden
Bentzen	Leonard W.	Regan
Blackney	Hedrick	Sabath
Boggs, Del.	Herter	Sadowski
Bolton, Md.	Hoffman, Ill.	Scott, Hardie
Boykin	Jackson, Calif.	Shelley
Brooks	Jacobs	Smathers
Bulwinkle	Kean	Smith, Ohio
Cannon	Kunkel	Teague
Chudoff	LeFevre	Thornberry
Coudert	Lyle	Towe
Davis, Tenn.	McGrath	Underwood
Douglas	Macy	Whitaker
Eaton	Marcantonio	White, Idaho
Ellsworth	Morrison	Wilson, Tex.
Engle, Calif.	Murray, Wis.	Woodhouse
Fugate	Plumley	Worley

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Jacobs for, with Mr. Harvey against.  
Mr. LeFevre for, with Mr. Eaton against.  
Mr. Blackney for, with Mr. Wilson of Texas against.

Mr. Anderson of California for, with Mr. Hoffman of Illinois against.

Mr. Shelley for, with Mr. Coudert against.

Mr. Herter for, with Mr. Towe against.

Mr. Jackson of California for, with Mr. Allen of Illinois against.

Mr. Sabath for, with Mr. Kean against.

Mr. Morrison for, with Mr. Smith of Ohio against.

Mr. Shelly for, with Mr. Coudert against.

Mr. McGrath for, with Mr. Bulwinkle against.

Mrs. Woodhouse for, with Mr. Redden against.

Mrs. Douglas for, with Mr. Macy against.

Mr. Chudoff for, with Mr. Potter against.

General pairs until further notice:

Mr. Sadowski with Mr. Boggs of Delaware.

Mr. Teague with Mr. Leonard W. Hall.

Mr. Engle of California with Mr. Ellsworth.

Mr. Cannon with Mr. Murray of Wisconsin.

Mr. Allen of Louisiana with Mr. Poulson.

Mr. HARVEY. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. JACOBS]. If he were present he would have voted "aye." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 247) to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PRIEST. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: Strike out all after the enacting clause and insert the provisions of the bill H. R. 4846 as amended.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings whereby the bill H. R. 4846 was passed were vacated, and the bill was laid on the table.

Mr. CROSSER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## EXTENSION OF REMARKS

Mr. HOLIFIELD asked and was given permission to extend his remarks in the Record following any special orders of the day.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the Record and include a list of State agencies authorized to approve surplus commodity applications held by Commodity Credit Corporation.

Mr. RODINO asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. WERDEL asked and was given permission to extend his remarks in the Record.

Mr. WOLVERTON asked and was given permission to revise and extend the remarks he made in Committee today.

Mr. CUNNINGHAM asked and was given permission to extend his remarks in the Record and include an editorial appearing in the Des Moines Register.

Mr. TABER asked and was given permission to extend his remarks in the Record.

Mr. HESELTON asked and was given permission to revise and extend the remarks he made in Committee today and include statistical information.



Mr. HILL asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. PHILBIN asked and was given permission to extend his remarks in the Record in three instances.

Mr. RANKIN asked and was given permission to revise and extend the remarks he made today in Committee of the Whole on the question of personal privilege.

Mr. LARCADE asked and was given permission to extend his remarks in the Record.

Mr. FULTON asked and was given permission to extend his remarks in the Record following the remarks of Mr. JAVITS today.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### UNJUST REPRISAL AGAINST ADMIRAL DENFELD

Mr. PHILBIN. Mr. Speaker, the House Armed Services Committee is today releasing a report of its investigation of unification and strategy together with certain committee action relative to the removal of Admiral Denfeld. This report is a voluminous document and speaks for itself.

I have been particularly interested in that part of the report which relates to Admiral Denfeld because I have been and am of the opinion that his removal was ill-advised, and may well gravely affect the inquisitorial powers of the House.

Let it be remembered that Admiral Denfeld and his colleagues as well as the committee were given express assurances by very highest Defense Department officials, prior to their testimony, that there would be no retaliation. Notwithstanding this fact, a short time after the testimony was given, the admiral was summarily removed. I believe with the majority of the committee that this removal was in the nature of a reprisal and most regrettable.

While it is true that Congress is powerless at this time to rectify the gross injustice which has been done to a great American who has faithfully served our Nation as an outstanding naval officer for more than 38 years, this challenge to the dignity and powers of the House cannot be overlooked or forgotten. Flagrant mistreatment of able, faithful naval officers and disregard for congressional committees is too high a price to pay for unification.

#### STATE RURAL REHABILITATION CORPORATIONS

Mr. COLMER. Mr. Speaker, I call up House Resolution 382 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the

State of the Union for the consideration of the bill (H. R. 2392) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and pending that, I yield 5 minutes to the gentleman from North Carolina [Mr. COOLEY], chairman of the Committee on Agriculture.

Mr. COOLEY. Mr. Speaker, the purpose of this bill is to provide for the final disposition of funds which were granted to the States in the years 1933 through 1935, for the purpose of providing relief and rehabilitation in rural areas. These funds were transferred to and became the property of the several States, or rather, to the corporations which were organized in the several States. Not all the funds were expended at the time when these relief and rehabilitation programs were most active, and the remaining funds—amounting to about \$50,000,000 in all—have been held in trust by the Secretary of Agriculture during the past several years under transfer agreements with the State corporations.

These agreements were entered into between the rural rehabilitation corporations of the various States and the United States of America. They are legally binding trust agreements under which specific assets of these State corporations are placed in trust with the Secretary of Agriculture for administration by him within the various States, in conformity with the charters of the various State corporations, and under terms and conditions stipulated in the trust agreements.

In 1946 the Congress directed in the Farmers Home Administration Act that these trusts be liquidated, but the law gave no directions nor established any policy as to the disposition of the funds arising through such liquidation. It is the purpose of this bill to establish a directive and a policy to be followed by the Secretary of Agriculture in liquidating these trusts in conformity with both the terms of the trust agreements themselves and the provisions of the Farmers Home Administration Act of 1946.

There is no doubt that the assets involved are the property of the several States. A large proportion of the assets are not in money, but are in the form of loans receivable, accounts and notes receivable, and real property which has been acquired by the various corporations in the course of carrying out the purposes for which the funds were established.

The trust agreements were entered into by the various States at the invita-

tion of the Federal Government. The trusts were established at the time when both Federal and State relief organizations were being disbanded, and their specific purpose was to permit the continuation of the rural rehabilitation work being carried on with the funds. Many of the trust agreements provide explicitly that the assets shall be returned to the States at the end of a stated period or upon the failure of the Federal Government to carry out the stated purposes of the trust.

This bill recognizes the validity of the claims of the various States to these trust assets. At the same time, it recognizes that some of the States may desire to have the assets administered through the Federal Government, much in the manner in which they have been handled for the past several years under the trust agreements.

The bill establishes two methods by which these assets may be disposed of in a manner consistent with this policy, and also consistent with the terms of the trust agreements:

First. The outright return of the assets to the State rural rehabilitation corporations or their successor agencies for administration in conformity with the original purpose and powers of the corporations;

Second. The surrender of the assets to the Federal Government for use by the Farmers Home Administration within the respective States in general keeping with the rural rehabilitation purposes of the funds.

The failure of the Federal Government to take decisive action and return the assets to the States would amount, in effect, to a breach of faith on the part of the United States.

The Farmers Home Administration Act of 1946 directed the Secretary of Agriculture to liquidate these trusts but gave him no directive or policy to follow in such liquidation. The bill before us today provides such a directive, along lines of principles worked out by the Committee on Agriculture in the course of long consideration of this matter. The bill offers a just and equitable means of disposing of these trusts, and at the same time assuring that the funds will continue to be used for their intended purpose in the manner that offers the most efficient administration in the case of each of the States.

This bill was not reported with the unanimous approval of the committee. It is controversial, and I have every reason to believe that amendments and perhaps even substitutes will be offered. The bill does, however, present an important issue which must be decided, one way or the other. The importance of the measure should commend it to your very careful consideration.

Congress has heretofore directed the Administrator to liquidate these trusts but no direction with regard to the liquidation was given. If the trustee would only follow the specific provisions of the trust agreements there would actually be no necessity for legislation. At the time that we directed liquidation, no question was raised as to the rightful ownership of the funds and property involved. Sometime thereafter, however,



someone in the Department of Agriculture hit upon the idea of recapturing the funds, the provisions of the agreement to the contrary notwithstanding. Even if no legislation is enacted which directs the Administrator to liquidate the trusts in a manner which is not in keeping with the specific provisions of the trust agreements, the several State corporations will still have a cause of action and can still, in my opinion, recover the funds and the property involved.

Some of the State corporations have ceased to exist and by nonuse have forfeited their charters, disbanded, and gone out of business, and are no longer in existence. Even so, the funds and property still do not belong to the Federal Government or any agency thereof.

This bill provides that the corporations now in existence might apply for a return of the property and money, that in States where the corporation has been disbanded or has gone out of existence, another corporation or agency might be created and might apply for a return of the property. The bill further provides that if within 3 years no application is filed for a return of the property, the money and the funds derived from a sale or liquidation of the property will go into the Federal Treasury, to be held in a revolving fund, to be administered by the Farmers Home Corporation and used in that particular State. I understand that an amendment will be offered which will add another provision to the bill, a provision which will authorize the State corporations or agencies, upon a return of the funds and property, to again transfer such funds to the Farmers Home Administration, to the end that that agency might administer and use said property pursuant to such new agreement or contract as might hereafter be executed. I personally have no objection to such an amendment.

The issue here involved is purely a legal issue. To do anything less than to keep faith with the trust agreements which have been executed and are still in existence would be not only an illegal act but an immoral act. I therefore do not believe that we have any alternative other than to keep faith with the provisions of these solemn agreements. We definitely have no right to reclaim or to recapture these funds, or to take advantage of the trust relationship which is now existing between the State corporations and the Federal Government.

The SPEAKER. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

Mr. COLMER. Mr. Speaker, I yield the gentleman one additional minute.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. AUGUST H. ANDRESEN. Does the gentleman have any opinion from the Solicitor of the Department of Agriculture recognizing the legality of these trusts?

Mr. COOLEY. I do not care about the opinion of the Department of Agriculture or any solicitor. I think any lawyer in this House who will sit down and read one of these trust agreements will conclude that we have no alternative other

than to return the trust funds as provided for in the trust agreement. I do not care how many solicitors in the Department of Agriculture disagree with me.

Mr. AUGUST H. ANDRESEN. The Department of Agriculture is the agency that entered into the trust.

Mr. COOLEY. The Department of Agriculture entered into the trust and in a laborious effort has tried to justify its position in asking for the return of these funds to the Federal Treasury. The gentleman knows that the representative of the Solicitor's office made a very feeble effort before our committee in trying to justify his opinion.

Mr. AUGUST H. ANDRESEN. But feeble as it may have been—

Mr. COOLEY. I agree it was feeble, but he did make the effort.

The SPEAKER. The time of the gentleman from North Carolina has again expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

#### A BLOW FOR NATIONAL DEFENSE

Mr. HOFFMAN of Michigan. Mr. Speaker, the first sentence of the Constitution carries the following words:

All legislative powers herein granted shall be vested in a Congress of the United States.

It is the duty of the Congress to provide for national defense. That, among other things, means that it is the duty of the Congress to provide the funds needed to establish and maintain an efficient Army, Navy, and Air Corps.

To perform that duty, it is necessary that the individual Members of the Congress know the needs of the armed forces. Individual Members of Congress do not know, for example, whether the Navy needs battleships, carriers, cruisers, destroyers, submarines, nor, for that matter, any other type of weapon.

Hence, it is that, in order to enable the Congressmen to vote intelligently, they must seek and have the expert advice of those who have been taught by, served in, the Navy. Congressmen must have the advice of technically trained, experienced men and officers. Otherwise, they are just guessing. They are wasting the people's money, causing it to be spent for weapons which are inefficient, on plans of doubtful value.

Having under consideration the question of the needs of the Navy, how it should be armed, a committee of the House, realizing the necessity for expert testimony, recently called upon certain Navy officers for their opinions.

One of the officers, Admiral Denfeld, in obedience to the request of the House committee, appeared before it, and out of the wealth of his knowledge and experience, honestly and conscientiously, as requested by the committee, expressed his views.

Because those views did not meet with the views of the Secretary of the Navy—a man who never was in the Navy, who never received technical Navy training, who never had had any experience what-

ever in naval warfare—that Secretary arbitrarily fired him from his job.

The effect of that action was to gag all other officers of the Navy, the Air Force, and the Army who might have views differing from those of the civilian head of the Navy, the Air Force, or the Army, or of the politicians who control armed service thinking.

To one who is not jealous of the right of free speech or who owes allegiance to some political machine within the Navy or the armed services organization, that might not appear to be too serious if one is willing to condone an unjust, arbitrary insult and injury to an officer who has served his country well and faithfully, and who but, in giving testimony, complies with the law of the land.

But there is another and more harmful aspect to such action. The action of Secretary Matthews in removing Admiral Denfeld not only tends to intimidate all officers in every branch of the service from speaking their convictions to a congressional committee, but it deprives the Members of Congress of their most fruitful source of information, and leaves them without compass or rudder when they attempt to chart a course which will determine the strength of any branch of the armed services.

The action of the Secretary of the Navy was a blow at our national defense.

On March 1, the House Committee on Armed Services, after painstaking investigation, released a report. The thirty-third paragraph of its Summary of Committee Views reads as follows:

33. The removal of Admiral Denfeld was a reprisal against him for giving testimony to the House Armed Services Committee. This act is a blow against effective representative government in that it tends to intimidate witnesses and hence discourages the rendering of free and honest testimony to the Congress; it violated promises made to the witnesses by the committee, the Secretary of the Navy, and the Secretary of Defense; and it violated the Unification Act into which a provision was written specifically to prevent actions of this nature against the Nation's highest military and naval officers.

The removal of Admiral Denfeld, in my opinion, is directly contrary to the terms of the Unification Act, and it demonstrates the intention of the political brass in the armed services to disregard the laws enacted by the Congress, establish themselves as an over-all military government.

With Communists in the State Department, with the armed services disregarding the law as written by the people's representatives, it is imperative that the people awaken to the situation if the Republic is to be saved from destruction.

The removal of Admiral Denfeld is a violation of section 1505 of chapter 73, entitled "Obstruction of Justice" of title 18 of the United States Code. That section reads as follows:

1505. TITLE 18, UNITED STATES CODE, 1948  
COMPILATION—OBSTRUCTING JUSTICE

Whoever corruptly, or by threats of force, or by any threatening letter or communication, endeavors to influence, intimidate, or impede any witness in any proceeding pending before any department or agency of the



United States, or in connection with any inquiry or investigation being had by either House, or any committee of either House, or any joint committee of the Congress; or

Whoever injures any party or witness in his person or property on account of his attending or having attended such proceeding, inquiry, or investigation, or on account of his testifying or having testified to any matter pending therein; or

Whoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede the due and proper administration of the law under which such proceeding is being had before such department or agency of the United States, or the due and proper exercise of the power of inquiry under which such inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress—

Shall be fined not more than \$5,000 or imprisoned not more than five years, or both.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Vermont [Mr. PLUMLEY] such time as he may require.

Mr. PLUMLEY. Mr. Speaker, just so as not to get involved in a controversy with a lot of would-be scientists who were in a hurry to get me here to vote for that bill, I did not get here in time to do it, but I would have voted for H. R. 4846 had I been here.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as she may desire to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the special order granted me today may be transferred to tomorrow.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FUGATE, for March 1, 2, and 3, on account of official business.

To Mr. ABBITT (at the request of Mr. HARRISON), for today and the remainder of the week, on account of official business.

To Mr. LEONARD W. HALL (at the request of Mr. GAMBLE), for Wednesday and Thursday, on account of illness in the family.

To Mr. Boggs of Delaware (at the request of Mr. WOODRUFF), for an indefinite period, beginning February 27, 1950, on account of illness.

#### ADJOURNMENT

Mr. TABER. Mr. Speaker, I renew my point of order that a quorum is not present.

Mr. COLMER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 18 minutes p. m.) the House adjourned until tomorrow, Thursday, March 2, 1950, at 12 o'clock noon.

#### OATH OF OFFICE, MEMBERS AND DELEGATES

The oath of office required by the sixth article of the Constitution of the United

States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members and Delegates of the House of Representatives, the text of which is carried in section 1757 of title XIX of the Revised Statutes of the United States, and being as follows:

I, A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Members of the Eighty-first Congress, pursuant to Public Law 412 of the Eightieth Congress, entitled "An act to amend section 30 of the Revised Statutes of the United States" (U. S. C., title 2, sec. 25), approved February 18, 1948: WILLIAM H. BATES, Sixth District, Massachusetts; WILLIAM B. WIDNALL, Seventh District, New Jersey.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV executive communications were taken from the Speaker's table and referred as follows:

1276. A letter from the Chairman, District Unemployment Compensation Board, transmitting a report covering the administration and operation of the District of Columbia Unemployment Compensation Board for the calendar year 1949; to the Committee on the District of Columbia.

1277. A letter from the Administrator, Federal Security Agency, transmitting the Annual Report of the Social Security Administration, Federal Security Agency, for the fiscal year 1949; to the Committee on Ways and Means.

1278. A letter from the Secretary of the Interior, transmitting the eighth annual financial statement and report of operations, pursuant to provisions of section 73 of the Boulder Canyon Project Adjustment Act (54 Stat. 774, approved July 19, 1940); to the Committee on Public Lands.

1279. A letter from the Assistant Secretary of the Navy, transmitting a list of organizations, nonprofit and eligible, which have requested donations of material from the Navy Department under the provisions of section 2 of Public Law 649, Seventy-ninth Congress; to the Committee on Armed Services.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 212. An act for the relief of John Joseph McKay; with amendment (Rept. No. 1722). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1413. An act for the relief of Maria Margarete Otto; without amendment (Rept. No. 1723). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1552. An act for the relief of

Ernest E. Heintz; without amendment (Rept. No. 1724). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1609. A bill for the relief of Arne Gordon Westly; with amendment (Rept. No. 1725). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HERLONG:

H. R. 7488. A bill to provide that the registrant of a trade-mark shall be notified of the time of pending expiration and of the time to file an affidavit of continuing use; to the Committee on the Judiciary.

By Mr. NELSON:

H. R. 7489. A bill to provide for the conveyance of a tract of land in Kennebec County, Maine, to the town of Chelsea; to the Committee on Veterans' Affairs.

By Mr. YATES:

H. R. 7490. A bill to amend the Railroad Retirement Act of 1937; to the Committee on Interstate and Foreign Commerce.

By Mr. REES:

H. R. 7491. A bill prohibiting lithographing or engraving on envelopes sold by the Post Office Department, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HERLONG:

H. R. 7492. A bill to amend the Career Compensation Act of 1949 so as to eliminate certain inequities in the provisions relating to the retention of compensation rates in effect prior to such act; to the Committee on Armed Services.

By Mr. LATHAM:

H. R. 7493. A bill granting exemption from income tax in the case of retirement annuities and pensions; to the Committee on Ways and Means.

By Mr. PRIEST:

H. R. 7494. A bill to amend Public Law 74 of the Seventy-fourth Congress, as amended, with respect to the preparation of statistical and scientific studies and surveys, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DOYLE:

H. R. 7495. A bill to terminate the war excise tax rate on theater tickets and other types of amusement and recreation; to the Committee on Ways and Means.

By Mr. MULTER:

H. R. 7496. A bill to provide for fuel allocations and priorities during emergencies; to the Committee on Banking and Currency.

By Mr. BLATNIK:

H. J. Res. 429. Joint resolution to amend the National Housing Act, as amended, with respect to mortgage insurance under section 608 of such act; to the Committee on Banking and Currency.

By Mr. LARCADE:

H. J. Res. 430. Joint resolution to amend the Agricultural Act of 1949 so as to authorize delivery of surplus farm commodities to the States; to the Committee on Agriculture.

By Mr. KEOGH:

H. J. Res. 431. Joint resolution to permit certain war-service indefinite employees to acquire competitive civil-service status and permanent tenure by qualifying in noncompetitive examinations; to the Committee on Post Office and Civil Service.

By Mrs. NORTON:

H. Con. Res. 182. Concurrent resolution authorizing the printing of a revised edition of the Biographical Directory of the American Congress up to and including the Eightieth Congress; to the Committee on House Administration.







lady Members. I quote from the calendar of Thursday, March 2, 1950:

On motion of Mrs. ROGERS, and by unanimous consent, ordered: That on Thursday, March 2, 1950, immediately after the address by Mr. MASON, "he" be permitted to address the House for 10 minutes.

True, old Joe Stalin must get great aid and comfort from reactionaries who demand the impeachment of our President, the prosecution of the Secretary of the Navy, the cries about national chaos and bankruptcy, and the creeping paralysis drift of our Nation toward welfare statism, socialism, and other weird, wild preachments which confirms the lies he, Stalin, has told and is telling, about ineffective, decadent democracies and their over-all unfitness; but what will old pipe-smoking Joe Stalin say about us when we begin to refer to our distinguished Member of Congress the gentlewoman from Massachusetts, Mrs. EDITH NOURSE ROGERS, as "he"? I think the United States Government Printing Office should be admonished, at least, and I recommend that we give our great impeachers and prosecutors their big chance to do the admonishing, because they excel greatly along that sole line, anyway.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### THE COAL SITUATION

Mr. HOFFMAN of Michigan. Mr. Speaker, I do not know what is biting our distinguished friend from Wisconsin [Mr. KEEFE], whom I greatly admire. He says we have not done anything about the strikes. In the first place, we Republicans, his party, my party, is not in power. The President, whose duty it is to enforce the law, refuses to act. Moreover, the gentleman from South Dakota [Mr. CASE] and the gentleman from Wisconsin [Mr. BIEMILLER] both made suggestions. To my mind both suggestions tended in the same direction, that is, the appointment of a commission, a decision by the commission and acceptance by industry and the labor unions. The end of that type of procedure is Government operation—in the end Government ownership.

The gentleman from Wisconsin [Mr. BIEMILLER] says coal is a sick industry. Sure it is sick. Why is it sick? Because the increased cost of coal is taking away the coal market and that the operators cannot afford to operate. They are losing the market. The gentleman from Pennsylvania [Mr. KELLEY], a coal operator, a very successful one—a reasonable man, a friend of the men who work, especially of the miners—and other operators, cannot afford to produce the coal at a price so that it can be sold profitably and in quantities great enough to take all that is produced. That is one thing.

The next thing and the fundamental issue down at the very bottom, I may say to the gentleman from Georgia [Mr. COX], is that there are plenty of strip mines in this country and enough miners who want to work so that if the local and State authorities would enforce the law or if they fail, if the National Government would protect the men who want to dig coal there would be coal for everyone. Until we get protection, or miners who want to work, our suffering people will not get coal. The failure of local and State authorities to enforce the law is no excuse for the President's failure to protect those who would dig coal if they had protection from violence.

#### EXTENSION OF REMARKS

Mr. POTTER asked and was given permission to revise and extend the remarks he made earlier in the day and to include extraneous matter.

Mr. MACK of Washington asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous material.

Mr. YATES asked and was given permission to extend his remarks in the RECORD and include a letter.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. FULTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### THE WORLD CONGRESS OF PARTISANS OF PEACE

Mr. FULTON. Mr. Speaker, I rise to compliment the gentleman from West Virginia [Mr. KEEL] on his remarks in reference to the World Congress of Partisans of Peace. As a matter of fact, the first announcement of the proposed trip of this delegation of 12 people to the United States was made in the Paris Communist newspaper Humanité, February 18 issue.

The trouble with these partisans of peace is that they are simply a propaganda front. If they are really sincere in trying to address the American Congress and promote peace they should likewise certainly try to arrange with Joe Stalin so that 12 Members from this Congress could go over to Russia and address the Supreme Council of the Soviet and explain our point of view.

The State Department should make as a necessary condition that when the right is given to our Congressmen to go and address the Soviets under similar conditions, then the people representing this Communist group should also address us. In all fairness, this group should understand that international cooperation is not a one-way street.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### MEETING OF THE SMALL-BUSINESS MEN'S ORGANIZATION IN WASHINGTON

Mr. VURSELL. Mr. Speaker, I rise to take exception to the remarks made by the gentleman from California in which he charged the little-business men who are assembling here in Washington are a front for the big business of the Nation. That same charge was made a year ago. It was denounced as being untrue by the president, Mr. Emery, of the little-business men's organization.

Mr. Speaker, the little-business men of this country are the backbone of this Nation and employ two-thirds of the laboring men of the Nation.

The gentleman from California also states that the little-business men are antilabor. A question has been asked why we cannot do something about these strikes. The fact is that the Taft-Hartley law was passed by a tremendous majority of both Houses and became law over the veto of the President. Politics has caused the condition nationally that we are in today, with the men refusing to go back to work. It has been caused by politics and nothing else, which is dividing the country today.

The President has never fully supported or executed the law. He has continued to speak against it. It has not had a fair trial, with the result of the present chaos.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. BENNETT of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### KEY DEER

Mr. BENNETT of Florida. Mr. Speaker, we have many serious problems before our country today, problems of great magnitude. The problem I am going to speak to you about in this little talk is not one of great magnitude, but I think of great importance. I have introduced a bill today to provide for the protection of the Key deer, now almost extinct. There are only 25 of them left. Columbus mentioned them on his fourth trip to the New World. Three years ago there were 70 of these deer in existence, and in earlier times they were quite numerous, but there are only 25 left today. They are only 25 inches tall, only about 3 feet long, and weigh about 40 pounds. They are extinct except for this little herd of 25 now on the Florida Keys. People are killing them, both tourists and the people that live there and settlers are gradually destroying their breeding grounds.

The bill authorizes the establishment of a national wildlife management area, primarily on Big Pine Key, north of Key West, Fla. The majority of the deer live on that Key. Although these deer can



put up with the hazards of nature, swimming great distances from island to island in search of water and forage, they are becoming extinct because of the encroachments of civilization and on account of their slaughter by residents and tourists.

It was in 1915 that the last of a species of wild parakeets was killed in Florida; and the last passenger pigeon, formerly a native, died in captivity in a zoo in 1914. The preservation of this interesting little deer may some day be of economic value, even if we did not consider the moral obligation which I feel is also present.

The limited area of habitat of this deer is also occupied by the roseate spoonbill—the pink curlew—now approaching local extinction. The reddish egret is staging a limited recovery from near extinction in the same area and the rare great white heron and white-crowned pigeon are also found there. The vanishing manatee, a sea mammal, is found in small numbers in the locality.

It has been a practice of some residents and visitors to put dogs on the Keys to run the deer to the beaches where they are killed from boats. Another method used is fire lighting at night. Also areas of brush are burned to attract concentrations of the deer on new growths of grasses. But the encroaching human uses of the limited land area involved are almost as destructive by eliminating forage.

It will be a nip and tuck fight to save the deer from extinction. I hope these plucky little animals, which survive hurricanes and droughts and the other hazards of this rugged semimarine habitat, can be helped to survive the hazards of civilization. If their rate of decrease continues at the average decrease of the last 3 years there will be none alive by this time next year.

#### EXTENSION OF REMARKS

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD in three instances and include statements and excerpts.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### THE COAL STRIKE

Mr. CHURCH. Mr. Speaker, I measure my words in what I am going to say. Before we adjourned last fall, I called upon the President of the United States to follow the law of the land in order to settle the coal strike. During the past 2 months many of us, in remarks here on the floor of the House, have repeated that call. The President's lack of respect for the law of the land has encouraged others to disrespect the Taft-Hartley Act, the law of the land. Is the President on the side of law and order or not?

#### PERMISSION TO ADDRESS THE HOUSE

Mr. KELLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent to

address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### THE COAL STRIKE

Mr. KELLEY of Pennsylvania. Mr. Speaker, several of my colleagues stood in this well this morning and talked about the problems of the coal industry. My good friend, the gentleman from Michigan [Mr. HOFFMAN] referred to me as a coal operator suffering from lack of markets due to the high cost of production. No; I am not suffering from high cost. I am suffering from too much Taft-Hartley. I have the firm conviction that if the Taft-Hartley bill had been repealed we would have had no problem in the coal industry today. We would have had honest-to-goodness, solid collective bargaining, and the coal problem would have been settled over the bargaining table. Now it cannot be done. The Taft-Hartley Act has so restricted collective bargaining and has thrown the balance to one side to the extent that we do not now have free collective bargaining. The quickest way to settle the coal strike would be to repeal the Taft-Hartley Act and let the operators and the miners get busy over the bargaining table.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### THE TAFT-HARTLEY ACT

Mr. HALLECK. Mr. Speaker, I had intended to make some reference to some suggestions that were made about the small business organizations now meeting here. In view of these remarks just made, however, let me say this to the gentleman from Pennsylvania, that when there was an amendment here in this Eighty-first Congress to repeal the Taft-Hartley Act there were only 37 votes for it on a record vote out of 435.

Secondly, the provisions of the Taft-Hartley Act to deal directly with national emergency strikes were written after very careful consideration. Those provisions have provided the best possible way yet to be devised by anyone to deal with these national emergency strikes that threaten the safety, health, and welfare of the American people.

The blame is not on the Taft-Hartley Act. The blame is on the President of the United States for not invoking the provisions of the act when he should have invoked them. The blame is upon the President of the United States for throwing that act and those provisions into the arena of politics in the last campaign; for constantly criticizing the act, scorning its provisions.

Be it remembered that six times before that conduct took place the act was invoked, with success and without preju-

dice to the rights of anyone. It could have been successful again had it been invoked in proper time and in proper spirit. The responsibility ought to be where it belongs.

#### EXTENSION OF REMARKS

Mr. HARRIS asked and was given permission to extend his remarks in the RECORD and include a statement he made to the Committee on Ways and Means on February 14.

#### COMMODITY CREDIT CORPORATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 491)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Banking and Currency and ordered to be printed:

#### To the Congress of the United States:

In accordance with the provisions of section 13, Public Law 806, Eightieth Congress, approved June 29, 1948, I transmit herewith for the information of the Congress the report of the Commodity Credit Corporation for the fiscal year ended June 30, 1949.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 2, 1950.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 77. Concurrent resolution requesting the President to return to the Senate the enrolled bill (S. 204) for the relief of Eugenio Maisterrena Barreneche, and authorizing its reenrollment.

#### STATE RURAL REHABILITATION CORPORATIONS

Mr. COLMER. Mr. Speaker, I call up House Resolution 382 for further consideration, and yield 5 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Speaker, when the House adjourned yesterday afternoon we had just listened to the explanation of the bill by the chairman of the Committee on Agriculture. I shall support the rule because I am convinced that some legislation may be in order on the subject of the rural rehabilitation corporations that were set up some years ago. However, I find myself in disagreement on some points with the chairman of the committee and unless amendments are accepted which will meet these objections I cannot support the bill.

Mr. Speaker, we are dealing here with an extremely important measure. Something like \$50,000,000 is involved. Unless we weigh carefully the provisions of this bill we could allow several million dollars to get out of the Treasury to be used in an improvident and unbusinesslike way by revived rural rehabilitation corporations that are now latent, or invite the States to develop new and overlapping plans for the use of this money.

I plead with the House to listen carefully to the discussion of this measure. As I indicated, I will support the rule be-



cause I think the House should take a look at the problem.

I have not seen the proposed amendment referred to by the gentleman from North Carolina. I have seen the amendment which the gentleman from Kansas [Mr. HOPE] proposes to offer as a substitute for it. I am very much impressed by the reasons advanced by the gentleman from Kansas for his substitute approach.

I think perhaps I should reserve any further comment until the debate in the Committee of the Whole. My purpose in asking for time in the discussion of the rule is to emphasize the critical importance of this measure.

The Congress can take great pride in what we have done for rural rehabilitation. Beginning with the early relief measures millions of dollars have been spent in a loan program and to some extent in a grant program to help farmers readjust their economic situations and to find their place on the land in a self-sufficient way and not become charges on our relief rolls. I wonder if you know that almost 1,000,000 farmers have been rehabilitated under that program. A great part of the loans have been repaid.

In 1937 Congress adopted what I regard as one of the most significant social programs ever undertaken by any government. Inspired as we were by the famous Bankheads of Alabama, the beloved Speaker at that time, William Bankhead and the Senator from Alabama, John Bankhead, and by Marvin Jones, one of the great men who have served in the House of Representatives, we enacted the Bankhead-Jones program with two titles, one a loan program to help in current farm operations and the other a farm-tenant program to help them acquire land for family-sized farms; both of these programs have worked remarkably well.

After the corporations were set up early in the rehabilitation program it became evident that the money was not being used profitably and in line with the purposes of that legislation. So the relief organizations ordered the return of those funds to the United States, and they have since been administered by the Department of Agriculture. Under the bill in its present form, as advanced by the gentleman from North Carolina, this money would be returned to those corporations with no integrated plan whatever. We stand to lose literally millions of dollars because of the abandonment of a unified plan which the Congress worked out under the Tarver amendment to the Bankhead-Jones Act and the various bills relating to the Farmers Home Administration, which under the able leadership of Dillard Lasseter is making good. It is proposed under this bill to turn that money back to 43 States. We do not know what the respective plans will be. We cannot be sure at all it will be used in accordance with the purposes of the original act, and for that reason unless these amendments which are to be offered provide for some protection to the Government, we should not pass this bill.

The SPEAKER pro tempore (Mr. MACK of Illinois). The time of the gentleman from Arkansas has expired.

Mr. COLMER. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. MARSHALL].

Mr. MARSHALL. Mr. Speaker, the gentleman who preceded me has had wide experience in connection with this program. I doubt if there is a better informed man in the Halls of Congress. No man could more ably express his views on the provisions of this bill than the gentleman who preceded me. I would like to call the attention of the Members to the importance of this bill. There are a number of Members who have said, "Well, this does not affect us very greatly. Since we do not have any corporations in our State, or since it is of such insignificance anyway, we do not need to pay any attention to it."

I want to impress upon the Members of the House that the bill we are about to consider will provide for the dissipation of about \$50,000,000 worth of assets. I think that is very important. If these assets which are now being used in a revolving fund for the furtherance of the work of the Farmers Home Administration are so dissipated so that it will mean adding to the annual appropriation in order to make up that difference, which will amount to between \$10,000,000 and \$15,000,000 every year, I am sure Members will realize the importance of the situation.

Also, you must remember in the liquidation of this trust it is apt to throw the country into a great state of confusion even to the extent, perhaps, of creating 43 separate agencies to carry on the work which is now being done by 1 Federal agency. I think that is something we ought to pay a great deal of attention to. I am in favor of the rule which will give the House an opportunity to consider the bill, and I urge the Members who can possibly do so to look into and study the issues involved.

Some of you will recall that in the closing days of the last session I called the attention of the Members to the fact that it would affect some of them in their States. I have not heard any criticism of the way in which the bill is being administered by the Farmers Home Administration.

Mr. TALLE. Mr. Speaker, will the gentleman yield?

Mr. MARSHALL. I yield to my colleague from Iowa.

Mr. TALLE. I want to underscore what the gentleman said just a moment ago. These funds can and should be administered by the Farmers Home Administration, a Federal agency that has done a good job in the field of rural rehabilitation ever since it was created in October 1946. To set up State agencies duplicating the present FHA programs does not make sense to me.

Mr. MARSHALL. I thank the gentleman. I know he has given much consideration to the present measure, and I am hopeful that when some of these amendments are proposed they will clear up the situation. I think as far as the bill is concerned it will be very detri-

mental to the work of the Farmers Home Administration and the work being done.

The SPEAKER. The time of the gentleman from Minnesota [Mr. MARSHALL] has expired.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to proceed out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

#### CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. COLMER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 76]

Abbitt	Fellows	Meyer
Allen, La.	Ford	Miller, Calif.
Arends	Fugate	Morrison
Barrett, Pa.	Gilmer	Norton
Beall	Granahan	O'Hara, Ill.
Bentsen	Hall	Powell
Blackney	Leonard W.	Redden
Boggs, Del.	Hébert	Regan
Boykin	Hedrick	Rooney
Brooks	Herter	Sabath
Buckley, Ill.	Hoffman, Ill.	Sadowski
Bulwinkle	Holfield	Scott, Hardie
Burton	Jackson, Calif.	Scott,
Carlyle	Jacobs	Hugh D., Jr.
Carroll	Jennings	Shafer
Cavalcante	Kunkel	Shelley
Celler	Latham	Sheppard
Chatham	Lichtenwalter	Smathers
Christopher	Love	Smith, Ohio
Coudert	Lyle	Towe
Davenport	McConnell	Whitaker
Dawson	McGrath	White, Calif.
Dingell	McKinnon	White, Idaho
Douglas	McMillen, Ill.	Wilson, Texas
Eaton	Macy	Woodhouse
Ellsworth	Marcantonio	
Engle, Calif.	Martin, Mass.	

The SPEAKER. On this roll call 349 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### EXTENSION OF REMARKS

Mr. JACKSON of Washington (at the request of Mr. MANSFIELD) was given permission to extend his remarks in the RECORD and include an editorial.

#### STATE RURAL REHABILITATION CORPORATIONS

Mr. BROWN of Ohio. Mr. Speaker, I have requested and obtained permission to speak out of order because of a remarkable change which seems to be appearing in American political life and which I believe should be brought to the attention of the House.

For some years now the Democratic Party has been masquerading as the champion of the common people while using the facilities of governmental propaganda to claim that the Republicans were the servants of the vested and special interests. This falsehood, multiplied a millionfold under the Hitler-technique of endless repetition, has been repeated so often that many people got to believing that it was a fact. But



facts have a strange way of overtaking falsehood. Year after year the number of large contributors to the Democratic Party, contributors who represent the corporate and the special interests of this country, have far exceeded those contributing to the Republican Party. At the same time the number of small contributions, ranging from \$1 and up, which have been made to the Republican Party have far exceeded similar contributions made to the Democratic organization.

Even so-called New Deal columnists have noted repeatedly how Wall Street executives moved into high official positions in Government during the past 6 or 7 years, but the oft-told falsehood seemingly persisted.

In recent weeks two events have occurred in Washington which sort of demonstrate to the country the real truth of the situation. I refer to the Lincoln Day box supper held by the Republican Party in the Uline Arena in Washington on February 6, and the Jefferson-Jackson Day dinner held in the District of Columbia National Guard Armory 10 days later.

I would like to quote some of the remarks of the well-known nonpartisan radio commentator, Walter Cronkite, Jr., concerning these two events. I quote:

The Republicans filled Uline Arena. They called it the greatest crowd in the arena's history—and this is possible. Hundreds were turned away. Hundreds sat crossed-legged on the floor, packed in so close that there wasn't even room to stretch a leg.

There were thousands of men and women in their early twenties in that crowd. Perhaps a lot of them were Democrats or of no party. They had come because it was the cheapest admission fee they'd ever had to pay to listen and dance to a top name band. \* \* \* Thursday night the Democrats held their party. They could have packed nearly twice as many people into the armory as the Republicans had into the arena. But they chose not to. Instead they invited just a third that number, and they asked them to pay \$100 a plate for a steak dinner, complete with wine, instead of one buck for a box supper.

They seated their tuxedoed men and bejeweled and bejeweled ladies at lavishly spread tables. They put the distinguished leaders of the party—members of the Cabinet, visiting Governors and their ladies—at a long head table on a raised dais. \* \* \*

A half block away from President Truman and another Kansas Citian, the one-time wonder boy and soap king, Charles Luckman—master of ceremonies for the evening—a half block away across the hall a local theater-pit orchestra played, the DeMarcos danced, and Phil Regan and Lena Horne sang. \* \* \*

At 8:30 Luckman began introducing the leaders at the head table. This, at a normal democratic function, would call for a long series of resounding ovations. Instead, the lack of applause as Cabinet secretaries and congressional leaders were introduced was actually embarrassing. Little knots of people applauded for each secretary—seemingly to indicate to the party bosses that the secretary had succeeded in selling that many seats at a hundred per to his employees. \* \* \*

Then the President spoke. When he was introduced the crowd rose, applauded sedately for just half a minute. \* \* \*

And the evening was over. As far as enthusiasm goes, it was a frost.

\* \* \* I had a strong feeling that the leaders who spoke, including the President, weren't fired with the old zeal. And I couldn't help but wonder if the whole thing—the type of party selected for the campaign kick-off, and the way it was handled and received—doesn't reflect something which might be called the senility of power.

I have some rather interesting printed matter to which I want to call the attention of the House. Here is a beautifully embossed program of the Jefferson-Jackson Day dinner staged by the party of the people. I also have the seating arrangement by tables—another beautifully embossed piece of printing. I am engaged in the printing business and I know good and costly printing when I see it.

I even have something which, for a Republican, is very unusual, I might say to my colleagues. It is a special pass for the dinner, a beautifully printed, beautifully embossed, engraved card. Yes, it is in gold. It is the only thing I know of which indicates that gold still stands in our Nation. It has a bright yellow ribbon, not like a girl would wear around her hair; but it is a beautiful golden cord with the seal of the United States embossed on it. This, my colleagues, is a really splendid piece of printing production. Now I show you this smaller booklet which shows the seating arrangements.

These special passes that I mentioned a moment ago were provided so that people who did not have tickets for the dinner could at least get in the armory. That is the way I got it. They were given to the waiters, to the bus boys, the newspapermen, photographers, functionaries of different kinds, and lackeys.

I want to tell you about, and show you, if I can, the contents and the pictures in the wonderfully embossed main program of the dinner. The program of events is displayed in a finely printed page. I notice that one of the principal entertainers was Lena Horne.

I cannot help thinking of Lena Horne's association with so many Communist Party and front organizations and similar activities. I have here, as a matter of record, a list of the organizations she is associated with:

The American Committee for the Protection of Foreign Born; Civil Rights Congress of New York; Civil Rights Congress of somewhere else; the Committee for Reelection of Benjamin J. Davis, New York, Communist councilman; the Council of African Affairs; Fighters for New Liberty; Southern Conference for Human Welfare—altogether, I think 10 or 12 Communist-front organizations to which this splendid entertainer belongs. And she had been singularly honored by the Democrats to sing at this great rally.

I also think you will be interested in the menu—and I would like to compare the Republican and Democrat menus. The Republicans had 7,500 box suppers, prepared and ready to sell, but 12,000 persons showed up with tickets. Three thousand more were turned away. They all came voluntarily, bought their own tickets with their own money. Nobody had to hit them over the head to get them to come to the Uline Arena supper.

The box supper cost each person \$1. The admission was \$1, plus 20 cents tax.

You may be interested, if you were not there, in knowing what we had in the box supper. We had a buttered roll; potato salad in a paper container; two pieces of fried chicken—but I got only one—two sweet pickles; one fruit bun; some coffee; a paper napkin; and, believe it or not, a small American flag.

Here is the menu for that \$10-per-plate Democrat dinner. It certainly should have been good at that price. I may need some help on this because my French is not as good as it should be. But they had "pink grapefruit, au kirsch." I do not know what kirsch is. Then there was celery with queen olives; French filet mignon, bordelaise; pommes Rissoles. I think that is right. That is French for potatoes. I do not know whether they were actually French potatoes or Canadian potatoes. I have a report that the Democrats actually served Canadian potatoes. Back to the menu. New string beans provencale; Great Western American Burgundy; hearts of lettuce with Roquefort cheese dressing; fancy ice cream, petits fours, and demi tasse.

They do not drink coffee any more. The party of the common people has to have demi tasse.

I would like to especially call attention to the fact that there was no American flag brought along with the dinner as we had in our box supper.

Here is a list of the dinnerware and the cutlery that was used at the Armory: 16,000 salad plates, 5,600 dinner plates, 5,200 demi tasse cups and saucers, 5,200 wine glasses—I wonder what they wanted those for?—1,100 salt shakers, 11,000 teaspoons, 5,200 banquet-plate rings, 11,000 dinner forks, 5,600 dinner knives, and 1,100 ice buckets. What on earth would you want with an ice bucket in a place like that?

Incidentally, just ordinary plain drinking water was not good enough; so mineral water, bottled mineral water, was donated by the B. & O. Railroad. That is an organization, I understand, which is engaged in transportation. That was a donation from the railroad. Their water is not for sale, incidentally.

And along with the special water were sundry numbers of bottles of scotch and bourbon, according to a local paper. I thought this was an American dinner, but here we have scotch and bourbon on each table in addition to the burgundy.

Of course they had the finest of table linen, and I think that fine table linen should be used when you have all the gentlemen in tuxedos or evening dress and when the ladies are all wearing evening gown and wearing mink coats, sables, ermine, and chinchilla. Fine linen just naturally goes along with a dinner by the party of the common people.

I might point out that there were all sorts of fine vehicles, as compared to the old jalopies that were used to transport the Republicans out to the arena for their box supper.

The President, by the way, chose this occasion to make the first use of his new



specially built Lincoln which is said to be the most expensive automobile ever constructed. He rode in this car which has gold-plated door handles, gold-plated door sills, gold-plated cigarette lighters, and gold-plated intercommunication phones to talk to the chauffeur.

This automobile is specially designed with tall doors so that people can enter it wearing their high-top hats. It was, incidentally, the first of several Lincolns which will be delivered to the White House.

The President just the day before, on February 15, made a speech to the national law-enforcement officers in which he said:

I always abide by the traffic regulations, even though I am President; I never go through red lights, despite the prerogatives attached to the Presidency.

According to reports I got from the police department, or rather which my staff got from the police department, on the way to the Jefferson-Jackson Day Dinner the President went through 20 red stop lights. But, then, this was a great big new car, and I presume rather difficult to control. History speaks of the Roman rulers riding to banquets in their chariots, riding over people in high style to get to their sumptuous feasts.

I read in the Washington newspapers that 96 United States District Attorneys had been individually summoned to Washington to attend a conference the day before the Democratic dinner and each official had to dig up enough funds from his own pocket to buy a ticket to this big dinner. The taxpayers, of course, paid the traveling expenses of each official. I do not know whether all 96 bought tickets or not. My staff has been checking on that but we had to stop because of time limitations. We found the names of 36 of these gentlemen and we had only got about one-third the way through the list. I have it here.

Then, I understand that the collectors of internal revenue from all over the country were called to Washington by the Treasury Department for an official conference coinciding with the Democrat dinner. And it seems that approximately 100 regional officials of the Production and Marketing Administration of the Department of Agriculture likewise had been called to Washington—just another coincidence, of course, you understand—and that they, too, attended the dinner. The taxpayers, of course, footed the bill for their traveling expenses and hotel bills.

Then, of course, the lobbyists. Well, there are quite a number of these boys and girls that I have heard of. I have been serving on the Lobby Investigating Committee, and I talked to some of them. They insisted that they just had to go to that Democrat dinner. They did not say anything about pressure. Of course, we are investigating the pressure of the lobbyists on Congress. I do not know whether there was any pressure put on or not for them to attend the dinner, but we recognize many names on the seating list, and who they represent. I wonder just how many tickets the lobbyists did purchase.

I would like to say something about corporation officials. This is the party of the people's banquet I am talking about. The Republicans are supposed to be the representatives of the special interests. It seems that most of these special interests got to the Democrat dinner. I was not even invited and I resent it.

One of the largest cotton operators in the country was there, a large number of oil operators, many of them you know. The head of the biggest power company was present, the heads of two great steamship companies, the board chairman of a big film company, several beer distributors and several distillers, were present.

Also on hand were the heads of aircraft companies, the president of one of the largest ball-bearing manufacturing companies in the world, and bankers—why, they were a dime a dozen.

There also was a more selected list, a selected list of those who bought entire tables.

Purchaser of an entire table for 10 was the board chairman of one of the biggest watch companies in the country, which does a multimillion-dollar business importing Swiss movements while the American watchmakers go bankrupt. Another table purchaser was the chairman of one of the largest distilling firms in the country and he had quite a number of guests. Another table purchaser was the board chairman of the largest soft drink company.

I could not check all of the names, but I found 30 corporate executives who had spent \$1,000 or more for a table each.

I am going to make public the name of only one man who was a guest and a big contributor to the dinner. I am doing this because he is a mystery man. Nobody, including officials of the Democratic National Committee, can identify him. He bought \$4,000 worth of tickets. He is listed as C. E. Kaufmann. Every check that has been made, including with the Democratic committee, does not tell us who Mr. Kaufmann is. He is not listed in any directory of any kind available in this city or from any of the cities of the East and Middle West. So I just think perhaps he ought to stand up somewhere and identify himself.

There is another gentleman here I see whose name I will not mention because we do know who he is. He bought \$5,000 worth of tickets.

In case you are worried, I want to tell you right now I am not putting all these names in the CONGRESSIONAL RECORD. I will be glad to show them to anyone who wants to see them, simply because I do not want to practice discrimination. I am afraid I have missed a number of the boys and girls who have contributed to the Democratic Party and, who may, if there is an official record here, want the record to show their names in case there is any question about further consideration in matters in which they may be interested later on. I had no difficulty finding the names of all the big-business men, the executives, the big contributors, on the guest list of the banquet for the party of the people.

But there was one person most conspicuous by his absence. He is the common man. Of course, a lot of us have realized for a long time that the common man is really the forgotten man of this administration, but we never expected the Democratic Party to stage a half-million dollar gold plate feast as a public demonstration to prove that the common man was not good enough to associate with such high and mighty folks.

The President's speech was a remarkable document. It was remarkable, in my opinion, because he did not say anything about Communists in the Government; he did not even say anything about potatoes, although he seemed to eat them; he did not say anything about cutting the taxes, except to remark that any talk about a general tax reduction was political hypocrisy.

He did not say anything about anti-lynch legislation; he did not say anything about the poll tax; he did not say anything about the FEPC, and that was a pretty hot issue at that time.

I followed him over television and I rather regretted that he did not say anything about these things. I have given a lot of thought as to why the President was so silent on the issues which he claims to champion. The morning after this dinner I discovered why there was so much silence on civil rights. I quote from the morning paper:

The Democrats, who preach against segregation, seated almost all of the Negroes in the hall together before the bandstand of Sam Jock Kaufman.

I do not think it necessary for me to comment further on the speech or its lack of coming to grips with political issues which the President says he stands for.

Now, another rather peculiar thing about this dinner. There were a number of missing elements. This dinner was given ostensibly in honor of Thomas Jefferson and Andrew Jackson. The dinner was outstanding for the fact that nothing connected with it reflected the spirit of those two former Presidents of the United States.

It should be remembered that Andy Jackson took enormous pride in an achievement that is pretty much foreign to the current occupant of the White House. Old Hickory paid off the national debt and accumulated a Treasury surplus. Jefferson also had some ideas about debt. He once said:

I place economy among the first and most important virtues, and public debt as the greatest of dangers. \* \* \* We must make our choice between economy and liberty, or profusion and servitude. If we can prevent the Government from wasting the labors of the people under the pretense of caring for them, they must become happy.

There is a rather peculiar thing about the President's speech at the dinner. He did not say much about labor. I have been given to understand by the President and his associates that they are the exclusive friends of labor. They have trumpeted this claim up and down the country.



Earlier I showed you this gold-embossed program which I hold in my hand. I had a printing and engraving firm make an estimate of the cost of this program and the other two gold-embossed pieces of material which I showed you. They estimated—and they said this was as low a figure as they could reasonably arrive at—that the printing and engraving costs alone, not counting the cost of this very fine paper, would amount to approximately \$3,000.

I happened to be glancing through this luxurious program and I noticed in small print on the back page these words: "Produced by Brewood, Washington."

I wanted to see who turned out this beautiful engraving job. Then I started to look for the union label and to my amazement I could find none. I phoned Brewood and they told me the reason that a union label was not on the program was that they were a nonunion shop. My friends, it will undoubtedly come as a surprise to union labor of this country that the gold-embossed program which was the official program of this so-called Jefferson-Jackson Day \$100-a-plate dinner was engraved and printed by nonunion labor.

I hope that some of my good friends will take that matter up and see that out of all these thousands and hundreds of thousands of dollars that are expended on meetings like this, that perhaps a little of it will go to support the union members, whose cause the administration champions.

I want to say one or two other things, if I may. I have a list of all these big-business and big-interest people who contributed to the dinner—1,000—not all of them, but a great many of them. I will not include their names in my remarks, because I do not want to miss anybody and discriminate against them. I do want to include in the RECORD, however, as a part of my remarks, a statement by Representative LEONARD W. HALL about one guest at the dinner, Edward Lamb. Mr. HALL said:

STATEMENT BY REPRESENTATIVE LEONARD W. HALL, OF NEW YORK

It should be of interest to the American people that within a few hours after the New York Times had printed President Truman's reaffirmation of his red-herring stand, that the President should receive at the White House one Edward Lamb, a man whose association with Communist fronts and Communist causes is a matter of public record.

The official White House calling list issued today, February 15, reads in part: "12:15: Mayor Lawrence, of Pittsburgh, with Publisher Edward Lamb, of Erie Dispatch."

An hour after Mr. Lamb had visited the White House, the Associated Press carried the following report on the AP wire:

"Edward Lamb, Toledo, Ohio, lawyer and publisher of the Erie (Pa.) Dispatch, told reporters after seeing the President: 'The President said he would wage as aggressive a fight to elect a Democratic Congress this fall as he did to get himself elected in 1948.'"

"Another White House visitor, Mayor David L. Lawrence, of Pittsburgh, joined Lamb in making the announcement.

"Mr. Truman is expected to go into other States in a speaking tour for Democratic nominees after the primaries are over, White House aides say.

"The President himself has said that he does not expect to participate in any Democratic primaries outside of his own State of Missouri.

"Lamb said Mr. Truman assured him and Lawrence that after the nominees have been chosen he would be 'free to campaign aggressively in Pennsylvania and Ohio for a Democratic, aggressive Congress.'

"He and Lawrence are here to attend tomorrow night's Jefferson-Jackson Day dinner."

Mr. Lamb's affinity for Red causes has been the subject of debate on the floor of the House of Representatives on at least five occasions. The discussions are to be found in the CONGRESSIONAL RECORDS of January 23, 1947, pages 538-539; May 5, 1948, pages 5460-5462; June 1, 1949, pages 6998-6999; June 8, 1948, pages A3819-3820, and June 19, 1948, pages 9336-9337.

In addition, a special House committee to investigate the Federal Communications Commission (80th Cong., 2d sess.) devoted five and one-half pages of its final report to the House to publication of Mr. Lamb's record. This document is known as House Report No. 2479, and the pages cited are pages 20, 21, 22, 23, 24, and 25.

I was a member of the special committee investigating the FCC and signed the final report. Congress interested itself in Mr. Lamb's record because Mr. Lamb, within the space of 2 weeks in 1948, received five operating licenses from the FCC. Congress considered it a proper matter, and perhaps the President might also, to inquire into the Communist associations of a man who would control the airways of five outlets under Government license.

Here is Mr. Lamb's record in part:

Mr. Lamb was executive vice president of International Labor Defense; he was vice chairman of the American Committee for Protection of Foreign Born; he was a member of the executive committee of the National Federation for Constitutional Liberties. All three of these organizations have been cited in the Attorney General's list, and have been cited by the House Committee on Un-American Activities.

Mr. Lamb was an executive vice president of the National Lawyer's Guild, which is now seeking an investigation of the FBI; he was a member of the National Committee of the International Juridical Association; he was a sponsor of the Civil Rights Congress. All three of these organizations have been cited by the House Committee on Un-American Activities.

Mr. Lamb was the signer of a telegram addressed to the President in 1940 and sent by the Emergency Peace Mobilization condemning military conscription as un-American; he was a signer of the call for the International Action Conference for Civil Rights; he was a signer of a statement addressed to the President of the United States on March 5, 1941, defending the Communist Party; he was a signer of the Open Letter for Closer Cooperation with the Soviet Union, in September 1939. Mr. Lamb was twice the author of articles appearing in the magazine of the Friends of the Soviet Union; he was a signer of a letter to President Roosevelt protesting attacks on the Veterans of the Abraham Lincoln Brigade and condemning the "war hysteria being whipped up by the Roosevelt administration."

Mr. Lamb acted as counsel for Mrs. Sarah V. Montgomery when she was a witness before the Special Committee on Un-American Activities, and he stated at that time that he was attorney for the American Peace Mobilization; he was an attorney for Alex Balint, a witness called before the Special Committee on Un-American Activities, who was a Communist later ordered deported.

Mr. Lamb also is the author of a book called *The Planned Economy in Soviet Russia*.

The record cited above dates from 1934 into 1948.

Mr. Lamb has been mentioned favorably on numerous occasions by the Daily Worker and by New Masses. The records of the Special Committee on Un-American Activities list 21 citations involving Mr. Lamb's name.

This is Mr. Lamb's record and it is appalling that President Truman should summon him to the White House to help make campaign plans for the election of Democratic Congressmen in 1950. In his interview in the New York Times today Mr. Truman asserts that his loyalty board has done much more effective screening of Communist sympathizers and fellow travelers than has Congress through the action of its committees. While this may be questioned by the American public in the light of the Alger Hiss case and numerous other cases, perhaps the American interest would be better served if the President's loyalty board moved over to the White House doorstep and screened the guest list. It is high time that somebody in this administration determined when "herring" ends and "red" begins.

Now I want to conclude by saying this—this Belshazzarian feast was undoubtedly the greatest in the history of American politics, a chapter in the history of a gold-plated Democratic Party riding in luxury, feeding sumptuously, and raking in the shekles with one hand and embracing the aspirations of the common people with the other.

For the life of me, I cannot believe that the American people are going to be fooled much longer. There is a famous passage from the Rubaiyat which my democratic colleagues may want to read to comfort them in their moment of travail. It reads like this:

The Moving Finger writes; and, having writ,  
Moves on: nor all your Piety nor Wit  
Shall lure it back to cancel half a Line  
Nor all your Tears wash out a Word of it.

In my opinion, when the American people learn the true story of this dinner, the moving finger will write once more.

Mr. COLMER. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, the gentleman from Ohio [Mr. Brown], in a moment of sarcasm and ridicule, is usually superb. But, in this latest speech which he has made there is not a single thing that is strong or funny. The gentleman is a giant attacking a mouse. It is more becoming of him when firing a cannon than it is when shooting a popgun.

Mr. COLMER. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. Furcolo].

Mr. FURCOLO. Mr. Speaker, with reference to the remarks of my good friend from Ohio, I think probably his remarks have brought at least some degree of satisfaction to both the Democratic Party and the Republican Party. From his remarks, I gather the Republicans had about twice as many people at their dinner, and they are happy about that. And of course we on this side are somewhat happy over the fact that where it counts, right here in the Congress, where the people have chosen their Representatives, we have twice as many people as the Republicans.



Mr. BROWN of Ohio. Mr. Speaker, I yield the remainder of the time to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I have taken this time in order to call the attention of yourself and the Members of the House to the decision that has just been handed down by Judge Keech in the contempt actions against the union and leaders of the mine workers. In that decision Judge Keech said:

It may be the mass strike of union members has been ordered, encouraged, recommended, instructed, induced, or in some wise permitted by means not appearing in the record. But this court may not convict on conjecture, being bound to act only on the evidence before it, which is insufficient to support a finding of either criminal or civil contempt.

In other words, Mr. Speaker, the court has found against the Government and has raised the question of the inadequacy of the evidence and inferentially indicated that such evidence should have been produced.

Why was not that evidence produced? Are we to assume that the evidence could not have been produced? As far as I am concerned, I cannot indulge in any such assumption.

I think the history of the past will indicate that when Mr. Lewis and his union leaders really wished to get the men back to work they could get it done. Whenever they have wanted the men to stay out of the mines they have been effective in keeping them out. When they have really wanted the men to go back to work the men have complied.

What other word, then, might have gone out other than the letter and the telegram from Mr. Lewis which are now defied? Why did not the Government produce the evidence referred to by Judge Keech in his decision? For myself, I just cannot believe and I do not think the American people are going to believe that if the great resources of the Federal Government had been properly put to work this evidence to which Judge Keech refers could not have been produced.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2392) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2392, with Mr. GORE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, yesterday I made a very brief speech about the bill which is now under consideration. At that time I

emphasized the legal issue which is involved in this legislation. I do not think there is anything sacred about the money involved here, but I do attach great importance to the written contract which was executed several years ago between the Rural Rehabilitation Corporations and the Secretary of Agriculture, who was at that time representing the great Government of the United States.

Perhaps some of the Members of the House are not entirely familiar with the matters we have under consideration. I desire to give just a little history. Back in the days of the depression, when there was much distress in the rural areas of America and much unemployment, the Federal Government embarked upon a relief program in an effort to relieve the distress of the rural people. Here in Congress we approved at that time what we might now refer to as a Marshall plan for the rural areas of America. We set up a fund from which we made grants. Agents of the Federal Government, officials of the Department of Agriculture, went into the several States with corporate charters already prepared and presented these charters to the State legislatures, which created corporations, legal entities, which could receive and handle these relief funds. Having encouraged the State to put themselves in a position to accept the grants from Federal funds, the States created the corporations, as I say, at the suggestion of the Department of Agriculture, and started out to do something to relieve distress—and they did relieve distress in many areas of the country.

Then, as time moved on, the Farm Security Administration was created by an Executive order and went into the field of rural rehabilitation. For that agency this Congress has appropriated millions and hundreds of millions of dollars for rural-rehabilitation programs of all kinds. Finally the Secretary of Agriculture communicated with the State corporations again and, in effect, said to them, "You turn back to me these funds. I will accept them as trustee. I will administer the fund and I will take over the problem of relieving distress and bringing about rural rehabilitation."

Another document was prepared here in Washington—many of them were prepared, one of which I hold in my hand. These were trust agreements, legal documents, prepared here and presented to the State corporations; and the boards of directors of those State corporations authorized the execution of those legal documents. This legal document is the monument of the solemn agreement between the State corporation and the Secretary of Agriculture. It is binding and legal in all respects. No man, in good faith, could question the legality of this trust agreement.

The trust property consisted not only of money but of farms, and houses, and buildings, and notes, and choses in action.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself five additional minutes.

The contract to which I want to address myself is the one affecting my own State, which is typical of others. It has a termination date of 12 years. Now we are only about 60 days away from the termination date of this agreement. It provides:

In the event that the authority of the Secretary or his successor, as provided in article XII, section 1 hereof, shall cease, this agreement shall be forthwith terminated.

We terminated the Secretary's authority in 1946 when we passed the Farmers Home Administration Act, and directed the Secretary to liquidate these trusts. That brought about the automatic termination of the trust agreements containing that provision.

Section 3 provides:

If neither of the contingencies provided for in section 1 and section 2 of this article shall earlier occur, then this agreement shall in any event terminate at the end of 12 years from its date, unless the same shall be renewed by the mutual agreement of the parties hereto.

That agreement was signed in May or June 1938, and signed by the North Carolina Rural Rehabilitation Corporation; Mrs. Thomas O'Berry, president; and Henry Wallace, Secretary of Agriculture, for and on behalf of the United States Government.

When we directed liquidation of these trusts it did not occur to anybody that the Federal Government had any further interest, legal or equitable, in or to any part or parcel of the property involved; but some smart boy down in the Department conceived the idea that here was about \$50,000,000 remaining and "we must get our hands on it so that we can hold it and control it." So for the first time we heard the suggestion, "Why, this is Uncle Sam's money. Uncle Sam is broke, and Uncle Sam is in great need, and we should recapture this money for the Treasury."

So then the suggestion came up to us, "You told us to liquidate but you did not say how. Now we are saying, don't liquidate, but let us take this money back and put it into the Treasury."

So we had two bills proposed in the Eightieth Congress. I introduced one and the gentleman from Kansas [Mr. HOPE] introduced the other. One would provide for putting the money back into the Treasury, and the other one provided for keeping faith with these solemn agreements.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. FULTON. Do I understand from the gentleman's remarks, then, that the Secretary of Agriculture, Mr. Brannan, might be opposed to this particular bill, or is it somebody within the Department who is opposed to it; and if so, who is it?

Mr. COOLEY. Frankly, there is difference of opinion in the legal family in the Department of Agriculture. The spokesman for the Solicitor's office, as I pointed out in my remarks yesterday, made a very laborious effort to justify a legal opinion which would support the position that the money should be put back into the Treasury. He did that



merely by saying that the depression was over. I asked, "When was it over? Who told you it was over?" The truth is that since this thing occurred in the early 1930's we have continued to recognize the distress of the agricultural sections of this country and have continued to appropriate money, and every single Congress since that time has realized that we needed to do something by way of rural rehabilitation.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Chairman, I yield myself eight additional minutes.

The CHAIRMAN. The gentleman from North Carolina is recognized for eight additional minutes.

Mr. FULTON. May I ask this further question: Can the gentleman tell us what is Mr. Brannan's personal opinion on this bill?

Mr. COOLEY. I, unfortunately, do not know what his personal opinion is. But we have an issue here, and it is a clear-cut issue.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HOPE. On the question as to whether Mr. Brannan expressed a personal opinion, is it not a fact that there is in the hearings a copy of a letter from Mr. Brannan as Secretary of Agriculture reporting adversely upon this bill?

Mr. COOLEY. Yes; that is true.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. REES. Do I understand that there is about \$50,000,000 included in this legislation. I notice that the report states that it is a comparatively small sum. After all, \$50,000,000 is \$50,000,000. As I understand the bill before us, it is proposed to divide this money among the States.

Mr. COOLEY. No; we do not propose to do anything of the kind. The money has been divided, was divided when it was granted. The title to it, legal and equitable, is vested in the corporations, and not in the Federal Government. We are not going to divide it; we are not dividing it. We are going to keep faith with this document.

Mr. REES. But the money came from the Federal Treasury.

Mr. COOLEY. Yes; that is so.

Mr. REES. If you are going to dissolve the corporation and get rid of it, that would be a very good solution, would it not?

Mr. COOLEY. We are not getting rid of the corporation. If the gentleman will let me finish, I will tell him that actually no legislation on this subject is needed. The only thing needed is a lawyer in the Department of Agriculture who has enough legal sense to know and to understand a written legal document. If a lawyer should come up and say, "Mr. Secretary, you have no alternative other than to keep faith with this document," we would not be here. Instead of that, we have all this hemming and hawing and dilly-dallying around. My corpora-

tion is going to bring a lawsuit—there is no getting around that—whether we pass an act of Congress or not. But they are willing to accept the provisions of this bill which gives the Secretary of Agriculture authority to see to it that there is no duplication of effort, that there is no wasting of the moneys, that no foolish un-American program is embarked upon.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. POAGE. The gentleman from Kansas has suggested that this money is in the Treasury. Is it not a fact that this money is in the Treasury only as a trust fund and not as money of the United States?

Mr. COOLEY. The gentleman is exactly right. I just communicated with the Treasury. It is not only there in trust but it is marked "State rural rehabilitation corporation funds."

Mr. POAGE. Mr. Chairman, will the gentleman yield further?

Mr. COOLEY. I yield.

Mr. POAGE. Surely, neither the gentleman from North Carolina nor the gentleman from Kansas, nor any other Member of Congress would contend that we as Members of Congress have the power to take funds that are the trust funds entrusted to the safekeeping of the United States and divert them from the purpose of the trust, would he?

Mr. COOLEY. I do not see how anybody could suggest it, and I want it thoroughly understood I am not questioning the motives of anybody in this matter.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that if that trust fund is not returned to the States it goes into the Federal Treasury and that the Federal deficit will be \$50,000,000 less?

Mr. COOLEY. How is it going into the Federal Treasury unless, just by main strength and awkwardness, we take it and put it in the Federal Treasury? As I said a moment ago, I know that my corporation is going to bring suit to recover this property. I do not know of any defense that the Federal Government can have to the suit which will be instituted; and that suit will be followed by a multiplicity of similar suits.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. In reference to these assets that are listed, for instance, there are loans receivable and accounts and notes receivable. Is there any estimate as to how good they are or are they just old notes and accounts receivable that have been standing, due from relievers, as they are in connection with other activities of the States? In other words, do these figures mean they are worth their face amount?

Mr. COOLEY. That is the face value.

Mr. FULTON. Are they worth that?

Mr. COOLEY. I doubt that they are worth that. I understand there is about

\$10,000,000 in cash. The rest is in notes and other property.

Mr. FULTON. Has there been any banking estimate of what is collectible of these and what is uncollectible?

Mr. COOLEY. I am not quite certain. We had very lengthy hearings, but it has been some time since we held hearings and I do not recall what was said about the actual value.

Mr. FULTON. Actually, then, the \$50,000,000 mentioned is not the correct amount because we do not know what the value is of one of the major portions of the fund?

Mr. COOLEY. That is right.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. KEATING. Would the gentleman tell us what in his judgment would be the result if we passed no bill at all?

Mr. COOLEY. This crowd down there will keep dilly-dallying with the money and force the corporations to bring suit, which will involve us in expensive litigation.

Mr. KEATING. There are many points on which I do not see eye to eye with the Department of Agriculture as it is now administered, but in this case is it not a matter that should be determined in the courts rather than here in the Congress?

Mr. COOLEY. No. The gentleman is a lawyer and if he will look at one of these agreements he must conclude that the Government has no more right to this money than he has.

Mr. KEATING. Well, now, will the gentleman answer another question. I notice under this list of assets in the table on pages 6 and 7 that except for the States of Oregon and Vermont the State of New York got the least money under this of any State in the Union, yet it paid by far the biggest part in taxes. What is the explanation?

Mr. COOLEY. The explanation is that probably the State of New York did not have distressed rural areas like we had in other sections of the country. This was a relief measure to relieve distressed areas in agriculture. That perhaps is the only answer. It may be that they did not handle the fund properly. I do not know what happened.

Mr. KEATING. I feel sure they probably handled it properly, but I am just worried about the position of one from New York State. As I view this, and I would be glad to be corrected, if this \$50,000,000 is not turned over, as the gentleman is suggesting, it will become funds of the Government and, certainly, New York State will reap a benefit in excess of \$90,000.

Mr. COOLEY. Here is what New York State can do, and I would like for the Members to know this. The bill provides for a return of the trust property to the State corporations upon application being filed by the State corporation. In the event no application is filed, and in many States applications probably will not be filed, because no agency is in existence, the corporations have ceased to exist. We provide, however, that the



corporation may be rehabilitated or another created.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself three additional minutes.

Mr. Chairman, the State corporation may no longer be in business, but we provide that another corporation might be chartered or some other agency set up to handle the funds. Then that agency can apply for it. But if no application is submitted in 3 years the money goes back to the Federal Treasury to be placed in a revolving fund to be used in the State affected. It further provides that any State that is not interested in this program, and I am assuming New York will not be interested because apparently you do not have the same situation that we have in other areas, all that State has to do is to relinquish the money and turn it back to the Federal Government.

Mr. KEATING. But we pay a share, do we not, of the money that goes to these other States?

Mr. COOLEY. Why, the gentleman knows that is not true.

It is not a question of any State paying or contributing. This bill provides only for a return of funds which were taken in trust. If New York made a contribution it was many long years ago when the relief money was made available. I am quite sure that New York got its full share of relief money.

But, to show you the legal situation, here is a fund we had in North Carolina amounting to about \$1,100,000. The Secretary of Agriculture induced our corporation to let him have \$800,000 of it. We still have \$300,000 down there. Our corporation is a going concern. Now they are saying in effect, "We have this \$800,000, and we are not going to give it back to you."

Mr. KEATING. But you get 10 times as much as the State of New New York.

Mr. COOLEY. My State gets very little. Minnesota, for instance, gets two or three million dollars. I am not concerned about the money involved; I am concerned about the principle and the morals involved in this issue.

Mr. KEATING. I am concerned about the morals, but if the Department of Agriculture takes the position as a legal matter that this fund belongs to the Government and not to the people to whom you want to give it, it seems to me that is an issue that should be tried in the courts.

Mr. COOLEY. If the gentleman has no more respect for the solicitor's opinion than I have, the opinion would not worry him any more than it worries me.

Mr. KEATING. That puts me in a difficult position, because my respect is not as great as that of some people.

Mr. COOLEY. I am not willing to follow his advice on this question, and neither was my committee, because the bill was reported by a substantial majority. Incidentally another bill, similar in character, has passed the Senate.

When the Honorable CLINTON ANDERSON was the Secretary of Agriculture, he was for the Hope bill, but when Secretary of Agriculture ANDERSON became Senator ANDERSON and could see this thing in its true light, he came out for a bill similar to this bill, and the Senate has already passed it. That just shows you how one in high place might perhaps be influenced by a bad legal opinion.

Mr. KEATING. Of course, it may be influenced by other factors, too.

Mr. COOLEY. I would rather take the opinion of Senator ANDERSON than that of Secretary ANDERSON.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. The gentleman from New York seems to be concerned about the amount of money. In the State of the gentleman from North Carolina, you get less money than, say, New Mexico, because you gave back to the Government less money. You kept some of it.

Mr. COOLEY. That is right.

Mr. FERNANDEZ. Maybe New York kept some of it, too.

Mr. COOLEY. I had not thought of it, but it is possible that the New York corporation did hold back some of its money. Maybe they still have it. I do not know. The hearings will probably show that.

Mr. KEATING. But the schedule would not show that.

Mr. COOLEY. That only shows that in North Carolina, for example, actually if we get \$800,000, we will add it to the \$300,000 we have now.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I notice that South Dakota gets \$3,395,000. The actual giving of this money either back to the States or permitting the people to keep it is not made proportionate on the need within the States at this time for rehabilitation money within that State.

Mr. COOLEY. The gentleman is correct. But the fact is that the Farmers Home Administration is operating in Minnesota and all of these other States, so there is a need, or otherwise we would not be lending the money to farmers in poor financial circumstances.

Mr. FULTON. If we go through the ordinary practice that the Federal Government is now pursuing in the States on farm rehabilitation, we will use the regular channels and not this, because this will be extra money in addition to the regular Federal money.

Mr. COOLEY. The need for Federal appropriations will be minimized to the extent that this money is available.

Mr. FULTON. In some instances, under this bill, they will get more than they need.

Mr. COOLEY. No, no. There is a desperate shortage in all places right now.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. If the Federal Government waives its claim under the terms of this bill, would the State corporation be free to use the money for research if it wanted to use some of it for research?

Mr. COOLEY. Not unless the programs were approved by the Secretary of Agriculture.

While I do not believe that we have any legal right to exercise any degree of control over the money involved, we did put a provision in this bill which requires that the funds be used in the prosecution of projects and programs which have been approved by the Secretary. This is for the purpose of enabling the Secretary to exercise the degree of control over use of the funds which may be necessary to prevent duplication and waste and to make sure that the funds are used for the purposes for which they were originally appropriated.

Mr. HOPE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, as has already been stated by the gentleman from North Carolina, the distinguished chairman of the Committee on Agriculture, this is a matter which has been hanging fire for some time. I want to go back into the history of these transactions a little bit to preface what I shall say as to what course I think we should follow in connection with this matter.

I think it is important that this question be settled. While I am opposed to the bill which has been reported by the committee, I did not oppose the rule because I believe we should take some action in the matter and dispose of it one way or another.

As has been stated, these funds were set up during the depression and drought days back in 1934 and 1935. They were originally a part of three different appropriations which were made for relief during that period. Part of these funds came from the Emergency Appropriation Act for the fiscal year 1935, and the pertinent part of that act which prescribes the use which might be made of the funds reads as follows:

The Administrator is authorized to make grants to the several States to aid in meeting the cost of furnishing relief and work relief and in relieving hardship and suffering caused by unemployment, in the form of money, service, materials and/or commodities, to provide the necessities of life to persons in need as a result of the present emergency, or to their dependents, whether residents, transients, or homeless.

That, of course, correctly described the situation that existed at that time. It was in the depths of the depression, when we had a bad drought situation, and it was absolutely necessary that these people on the farms in the drought areas and other depressed areas be furnished funds in order to keep body and soul together. That was the sole purpose of the legislation.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?



Mr. HOPE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. That act was passed in the early part of 1933; is not that correct?

Mr. HOPE. I believe this was the 1934 act. It was the Appropriation Act for the fiscal year 1935.

Mr. AUGUST H. ANDRESEN. Prior to that time funds had been appropriated and turned over to the then President for relief purposes in the respective States, which money was turned over to the Governors in those States.

Mr. HOPE. Yes; I think that is correct. There were several acts. The act of February 15, 1934, appropriated the sum of \$950,000,000 for carrying out the purpose of the Emergency Relief Act of 1933. That is the act to which I think the gentleman refers. The purposes for which that money might be used are described in this act of February 15, 1934, as follows: "making loans to farmers for and/or the purchase, sale, gift, or other disposition, of seed, feed, freight, summer fallowing, and similar purposes."

Those are the purposes for which these funds are authorized to be used in the first place.

It requires a stretch of the imagination, it seems to me, to say that the purposes for which those funds are authorized to be used still exist. I do not know of any place in the United States where the conditions which prevailed in 1933, 1934, and 1935 still exist or where it is necessary to expend Federal funds for the purposes which are enumerated here. But I will come back to that a little later.

I want to go on with the history of this transaction. After this legislation was passed, State rehabilitation corporations were set up in at least 43 States. It was proposed to administer these funds through these State rehabilitation corporations and the funds which are in question here were granted to these State corporations. Subsequently, it was held by the Comptroller General that these relief funds could not be administered in that way and that they would have to be administered by the relief administration directly from Washington. That being the situation, and the rehabilitation corporation having only this comparatively small amount of funds on hand and being unable to get any further funds, there was an arrangement made whereby all of these State corporations turned these funds over to the Secretary of Agriculture as trust funds to be administered by the Secretary of Agriculture for the purposes for which they were originally appropriated.

As I said a while ago those purposes have ceased to exist. But, by action of the Committee on Appropriations from time to time since then, these funds have been appropriated for the use of the Farmers Home Administration and its predecessors in making rehabilitation loans to farmers and they are being used for that purpose at the present time.

Mr. CASE of South Dakota. Not being mingled, however, but within the States to which they were allocated, is that not correct?

Mr. HOPE. Yes, I think the provision of the appropriation bill provides that the loans shall be made in the States to which they were allocated. I do not know how much significance there is in that. Whether it simply means that those States get less of other funds, or what. But as I understand it that is the way the funds are being spent at the present time.

When we passed the Farmers Home Administration Act, the law directed that these funds be liquidated, without setting up, however, the method by which it might be done.

It has been the contention of the Department of Agriculture, and I think rightly, that they do not have the authority to liquidate these funds under any existing legislation. That is the situation which prevailed when in the Eightieth Congress the Secretary of Agriculture sent to the Speaker of the House and the President pro tempore of the Senate legislation which would authorize and direct the return of these funds to the Federal Treasury. As is customary in such cases, those communications were transmitted to the appropriate committees and pursuant to that letter I introduced a bill which would provide for the return of these funds to the Treasury.

The gentleman from North Carolina introduced a bill which provided for the return of the funds to the various States, to the rehabilitation corporations, where they exist, and if not, to the governor or some other agency in the respective States.

Hearings were held in the Eightieth Congress, but no disposition was made of the matter. After the convening of the Eighty-first Congress I introduced my bill and the gentleman from North Carolina introduced his bill. Some further hearings were held. The committee reported out the bill of the gentleman from North Carolina, and by a substantial majority they voted down the substitute which I offered, the substitute being my bill.

I yield myself five additional minutes.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. ABERNETHY. Suppose the Rural Rehabilitation Corporation in the gentleman's State had declined to enter into the trust agreement with the Government, as suggested by the Secretary of Agriculture, would the gentleman's corporation not have those funds in their possession at this time?

Mr. HOPE. Of course, that is supposing a great deal, because we have no corporation in my State.

Mr. ABERNETHY. Well, in a State which did have such a corporation.

Mr. HOPE. Of course, I do not know what disposition might have been made of them in the last 12 years. That is just speculation.

Mr. ABERNETHY. But the funds would still have been in the possession of those States which refused to enter into such agreements, if they had refused, and there would be no means

whatever by which the Government could touch the funds.

Mr. HOPE. If the funds had not been expended in some way authorized by law, it is quite likely they would be in the possession of the rehabilitation corporations of those States, but it is my contention that they would have no authority to spend them for any purpose other than the purpose authorized by law, which has not existed for a number of years, as the gentleman knows.

Mr. ABERNETHY. But the fact remains that the Federal Government could not, by any manner or means, interfere with the State's handling of the funds under those conditions, as it is doing today, inasmuch as it has possession of the funds.

Mr. HOPE. I believe, and I have a well-supported brief from the Solicitor's office of the Department of Agriculture, that under those conditions the Department of Agriculture could have questioned the use of those funds, and I think that properly they could have recovered the funds had they desired to do so. I understand there may be some difference of opinion on the legal questions, but this brief, which I expect to make a part of my remarks, under permission already granted, and which I do not have time to go into now, will, I think, furnish an answer that will satisfy every Member of the House who is a lawyer and who has given any study to this question.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman has stated that the Department could possibly recover the funds held by the States, and to their credit. The reason for that is that the purpose for which the funds were originally appropriated no longer exists. Is that not correct?

Mr. HOPE. That is absolutely correct. The condition under which they were granted no longer exists.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BREHM. I am particularly interested in the Farmers Home Administration Act. There is not a day passes in which I do not receive letters from farmers wanting a loan under that act. I am wondering how the passage or failure of passage of this act will affect those funds, if any.

Mr. HOPE. If we pass this act, those funds will go, in varying amounts, to 43 States. There may or may not be an organization in that State which can administer the fund. In most States there will not be, but even assuming there is, if the funds are employed at all they will have to be employed in competition, in 43 States, with the activities of the Farmers Home Administration. In other words, in every State the Farmers Home Administration will be making loans, and this organization in the State, whatever it is, the Rural Rehabilitation Corporation, or some new organization to be set up, will also be making loans. That is to say that if we pass this bill,



we are going to fritter away this money by putting a little of it into every one of the 43 States. If we want to maintain the integrity of this fund, if we want to do something which will be of some benefit to the farmers of this country who are in need of rural rehabilitation at this time, let us leave it in the hands of the organization that is set up to do that work.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I yield myself three additional minutes.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. FULTON. I agree with the gentleman's statement. May I ask if it is not true that in most of the States they do not have these rehabilitation corporations and the money will just go into the general funds of the State instead of the general funds of the Federal Treasury?

Mr. HOPE. No. I think the State will have to set up some organization to administer the fund, that under the provisions of the gentleman's bill that would have to be done. It would be turned over to the governor but he would have to set up some kind of an organization to administer it.

Mr. AUGUST K. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that if we do not pass this legislation the funds for the respective States will continue to be administered by the Farmers Home Administration as they have been in the past and funds allocated to each State will be used in the respective State as something of a revolving fund?

Mr. HOPE. That will be dependent upon the action of the Committee on Appropriations.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. HESELTON. I notice in this opinion, that is, at the table here, there seems to be extremely significant legal language calling attention to the fact that the apportionment rose out of the economic depression of the 1930's and the drought of 1934. The funds were made available for rural rehabilitation as such, as was the case in later appropriations. This distinction is important. As fully developed by the Resettlement Administration and the Farm Security Administration under appropriations made for rural rehabilitation that term was construed to encompass any program which had for its purpose the improvement of the economic status or physical well-being of the low-income groups of our farm population and the need for the program was not required to be based upon a particular drought or depression.

I have read the North Carolina agreement; it seems to me to be an extremely tight one. It is my recollection that if the purposes of the trust have ceased to exist, the courts will not carry out the requirements in such an instrument for the disposition of the assets. I think it

is highly important to consider that in the terms of the proper disposition of these funds. Now, I will go further. I call attention to the fact that furthermore, the apportionment of funds under the bill among the States would bear little relation to the need as it exists today. Five States would receive no money at all, whereas three States would receive over \$3,000,000. The five States, I understand, are Massachusetts, Connecticut, Rhode Island, Delaware, and Maryland.

It does seem to me that it would be more equitable to let this matter go to the courts for settlement than for us to try to settle it.

Mr. HOPE. In order to clarify the legal questions at issue here, I want to include as a part of my remarks the able opinion of the Associate Solicitor for the Department of Agriculture, Mr. Howard Rooney. It is as follows:

STATEMENT OF HOWARD ROONEY, ASSOCIATE SOLICITOR, OFFICE OF THE SOLICITOR, DEPARTMENT OF AGRICULTURE

The report of the Department on H. R. 2392 was based on the premise that at this time there is no legal or moral obligation imposed on Congress that would require the return of the assets covered by the transfer agreements to the States or corporations for use in a rural rehabilitation program. The Secretary was so advised by the Solicitor's office of the Department, and as a representative of that office my testimony will be for the purpose of acquainting the committee with the reasons for reaching the foregoing conclusion.

A legal conclusion must always be tested in relation to the facts upon which it is predicated. It is agreed that the assets in question were derived from funds made available under the terms of the Federal Emergency Relief Act of 1933 (48 Stat. 55); the act of February 15, 1934 (48 Stat. 351); and the act of June 19, 1934 (48 Stat. 1055). Section 1 of the Federal Emergency Relief Act of 1933 contains the following language:

"That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increased inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life, and making it imperative that the Federal Government co-operate more effectively with the several States and Territories and the District of Columbia in furnishing relief to their needy and distressed people."

The act created the Federal Emergency Relief Administration, with a Federal Emergency Relief Administrator at its head. Funds of the Reconstruction Finance Corporation in the amount of \$500,000,000 were made available for the purposes of the act which were set out in section 4 (a) as follows:

"Out of funds of the Reconstruction Finance Corporation made available by this act, the Administrator is authorized to make grants to several States to aid in meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment in the form of moneys, services, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency, and/or to their dependents, whether resident, transient, or homeless."

Provision was made for investigation by the Administrator of expenditures made under the act and he could under the rules

and regulations prescribed by the President assume control of the administration in any State where, in his judgment, more effective and efficient cooperation between the State and Federal authorities could thereby be secured in carrying out the purchase of the act. The governor in each State was required to make application for the funds and the decision of the Administrator as to the purpose of any expenditure was to be final.

In the act of February 15, 1934, there was appropriated from the Treasury the sum of \$950,000,000 to provide additional funds for carrying out the purposes of the Federal Emergency Relief Act of 1933 and for continuing the civil-works program. This act also permitted the Federal Emergency Relief Administrator to make grants for relief within a State directly to such public agency as he might designate.

In the act of June 19, 1934, \$525,000,000 was made available to meet the emergency and necessity for relief in stricken agricultural areas and to supplement appropriations theretofore made for emergency purposes and for making loans to farmers for, and/or the purchase, sale, gift, and other disposition of seed, feed, freight, summer fallowing, and other similar purposes. The legislative history indicates that the additional lending authority was for the purpose of relieving distressed conditions caused by the 1934 drought.

The plain terms of these statutes reveal a congressional intent that funds granted thereunder were for the purpose of relieving distress attributable to the emergencies caused by the depression of the 1930's and the 1934 drought. We doubt if anyone will seriously deny that these emergencies are now nonexistent. This fact leads to the conclusion that the funds in question can no longer be used for their original purpose. In this connection, it is significant that the Works Progress Administration was ordered liquidated on December 4, 1942, and on July 12, 1943, in the Department of Agriculture Appropriation Act, 1944 (57 Stat. 392) the Secretary was authorized to use funds administered pursuant to transfer agreements for the same purpose that funds were appropriated under the caption "Loans, Grants, and Rural Rehabilitation." This authority was continued in the appropriation acts for the Department for 1945, 1946, and 1947. Moreover, section 2 (c) of the Farmers Home Administration Act of 1946, approved August 14, 1946, provided that funds made available in the Department of Agriculture Appropriation Act, 1947, were made available for the making and servicing of loans under the Farmers Home Administration Act. Thus, after ordering liquidation of the agency established to administer direct Federal relief during the depression, Congress without undue delay provided new authority for the administration of the funds transferred to the Secretary.

On the basis of the foregoing facts it is our position that the fundamental legal question to be determined by the committee is the extent of the authority of the Congress over the residue of funds granted to a State for a particular purpose when that purpose can no longer be effectuated.

Our answer to the question is that in such a case the authorities clearly uphold the right of Congress to revert the funds in the Federal Government and to order any disposition thereof consonant with the plenary power of Congress over the property of the United States. Thus in *Ashburner v. California* (103 U. S. 575), in construing the act of June 30, 1864 (13 Stat. 325) in which the United States granted the Yosemite Valley to the State of California to be held for public use, resort and recreation (but without a reverter clause) the Court said:



"It [the land] must be kept for the use to which it was, by the terms of the grant, appropriated. If it should be in any respect diverted from this use, the United States may be called on to determine whether proceedings may be instituted in some appropriate form to enforce the performance of the conditions contained in the act of Congress or vacate the grant. So long as the State keeps the property it must abide by the stipulation upon which the transfer of title was made."

And directly in point is the later case of *United States v. Michigan* (190 U. S. 379). In that case Congress had granted to the State of Michigan 750,000 acres of public land for the purpose of aiding the State in constructing and maintaining the St. Mary's River Canal. The act contained no reverter clause except with respect to failure to begin or complete the canal within the specified time, a condition which was complied with by the State and not involved in the case. The act provided for rendering an accounting to the Government of the proceeds of the sale of the land and the cost of building and operating the canal. There was no express provision, however, requiring any surplus to be paid over to the United States. The action was instituted on behalf of the United States by Attorney General Knox to recover a surplus of about \$68,000. The case was decided in the favor of the United States and in the opinion at page 400 the Court said:

"If there were funds arising from the sale of the lands over and above the cost of construction and other expenses of the canal, it could not, within reason (after a perusal of these two statutes, with the provisions for accounting for sales and net proceeds of lands, and the other provisions of the statutes already mentioned), be supposed the parties understood that Michigan was to have for its own treasury the balance arising beyond such cost, maintenance, etc., of the canal."

Legislative grants must be interpreted, if practicable, so as to effect the intention of the grantor; but if the words are ambiguous, the true rule is to construe them strongly against the grantee. (*Rice v. Railroad Co.* (66 U. S. 358).) In the light of this rule of law, we do not believe it is possible to construe the language of the granting statutes under consideration as evidencing an intent that it was the will of Congress for the States to keep for their own benefit any funds left over after the emergencies were met. This was the view of the State of Arkansas in *Wiseman v. Dyess* (72 S. W. 2d. 517), where in the course of its opinion the court said:

"The act of Congress (Federal Emergency Relief Act of 1933) under which the apportionments are granted requires this (reports to Administrator) and negates that an absolute grant or gift had been made to the State. If by any possibility any of the funds thus apportioned were not required, the unexpended balance would revert not to the State, but to the Federal Government."

This opinion has been criticized because it was contended that it was based on an erroneous stipulation of facts. However, when this matter was brought to the attention of the court on rehearing (76 S. W. 2d. 979) the court said:

"It is unnecessary to decide the technical question of whether Dyess, the appellant herein, is acting for the State or whether the money with which he carries on the relief work technically belongs to the State. It is certain, however, this money is not administered or used through any of the regular channels of the State government."

"The money is allotted for the relief work in Arkansas and it is used for that purpose. It is a part of the plan and program of the Federal Emergency Relief Administration. Its ultimate aim is to relieve from the dis-

tress and burdens of unemployment as an aid to the restoration of more nearly normal conditions. These funds appropriated by the National Government for such beneficent purposes should not be directed."

It was contended in the recent hearings on this bill that the cases of *United States v. Louisiana* (127 U. S. 182 (1882)); *Cooper v. Roberts* (18 How. 173 (1855)); *King County, Washington v. Seattle School District No. 1* (263 U. S. 361 (1923)) and *Alabama v. Schmidt* (232 U. S. 168 (1914)) require a holding that the grants in question were so absolute that there was no legal power remaining in Congress to question compliance by the States. In other words, that with respect to the United States any obligation assumed by the States as a result of the grants was purely honorary. The cases do not so hold. *Cooper v. Roberts* was a case in ejectment. One party claimed title from the State of Michigan which in turn had obtained the land from the United States through a grant for school purposes. The other party claimed under a license granted under the Federal mining laws. In the course of its opinion the Court said:

"In the present instance the grant is to the State directly, without limitation of its power, though there is a sacred obligation imposed on its public faith. We think it was competent to Michigan to sell the school reservation without consent of Congress."

This case is authority for two things: (1) an individual cannot question compliance of a State with a Federal grant, and (2) under the school land grant acts it is proper for the States to sell the land. There was no intimation in the case that the State had diverted the proceeds from school use nor was there any discussion of the rights of the United States if the proceeds had been so diverted.

*Alabama v. Schmidt* also involved school land. Schmidt claimed by adverse possession under the laws of Alabama. Alabama defended on the theory that the statute of limitations did not apply, apparently for the reason that if Schmidt recovered the land it would be diverted from school purposes. In the opinion the Court said:

"The gift to the State is absolute, although no doubt as said in *Cooper v. Roberts* there is a sacred obligation imposed on its public faith. But that obligation is honorary like the one discussed in *Conley v. Ballinger* (216 U. S. 84), and even in honor would not be broken by a sale and substitution of a fund, as in that case; a course we believe that has not been uncommon among the States."

Here the State having the right to sell under the decision of *Cooper v. Roberts* was not permitted to enjoy this privilege without assuming the corresponding disadvantages. The Court clearly indicates that if the State would place the value of the land in the school fund, there would be no breach of the grant, and, as in *Cooper v. Roberts*, the rights of the United States in the event of breach are not discussed. *Conley v. Ballinger*, cited in the opinion, held that an individual member of a tribe of Indians could not enjoin the removal of bodies of relatives buried in a cemetery which was reserved in a quitclaim deed executed by the tribe to the United States pursuant to a treaty. It was said the United States had legislative power over the cemetery before the deed and because of the unusual power resting in the United States with respect to Indian tribes the fulfillment of the treaty rested on the good faith of the United States and could not be questioned by a member of the tribe. The Court further found that the provisions of an act of Congress making the proceeds of the sale of the cemetery available to the tribe was not a breach of that faith.

The pertinent part of the opinion in *United States v. Louisiana* is as follows:

"Under the act of 1850 the swamplands are to be conveyed to the State as an absolute gift, with discretion that these proceeds shall be applied exclusively, as far as necessary, to the purpose of reclaiming the lands. The judgment of the State as to the necessity is paramount and any application of the proceeds by the State to any other objective is to be taken as the declaration of its judgment that the application to the proceeds to the reclamation of the lands is not necessary. By the second section of the act of 1855 it is provided that the purchase money received by the United States for the swampland sold by them shall be paid over to the State. There is nothing in these provisions of the character of a property trust and nothing to prevent the application by the State of a swampland fund to the general purposes. If the power exists anywhere to enforce any provision of the grant, it resides in Congress and not in the Court."

The distinction between the grant in this case and in the grants under discussion is obvious, since there is no language in the grants now under consideration which would permit the States to use only so much of the funds granted for relief as they found necessary.

The King County case required a construction of the act of May 23, 1908 (35 Stat. 260), which directed that 25 percent of all money received from each forest reserve during any fiscal year should be paid at the end thereof by the Secretary of the Treasury to the State in which the reserve was situated "to be expended as the State . . . legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the forest reserve is situated." The plaintiff school district contended that the receipts should be divided equally for school and road purposes. In the course of the opinion the Court said:

"When turned over to the State, the money belongs to it absolutely. There is no limitation upon the power of the legislature to prescribe how the expenditures shall be made for the purposes stated, though by the act of Congress, 'there is a sacred obligation imposed on its public faith.' *Cooper v. Roberts* (18 How. 173, 182); *Alabama v. Schmidt* (232 U. S. 168, 173); *Mills County v. Railroad Companies* (107 U. S. 557, 566); *Hagar v. Reclamation District* (111 U. S. 701, 713). No trust for the benefit of appellee is created by the grant. But, assuming the moneys paid over to the State are charged with a trust that there shall be expended annually one-half for schools and one-half for roads, the appellee has no right to enforce the trust. Congress alone can inquire into the manner of its execution by the State. *United States v. Louisiana* (127 U. S. 182, 185-192); *Mills County v. Railroad Companies*, supra; *Emigrant Co. v. County of Adams* (100 U. S. 61, 69); *Barrett v. Brooks* (21 Ia. 144, 148). See also *Stearns v. Minnesota* (179 U. S. 223, 231). The act does not direct any division of the money between schools and roads. Its language above quoted indicates an intention on the part of Congress that the State in its discretion may prescribe by legislation how the money is to be expended. No distribution to the appellee or any other school district is required. The public schools and public roads are provided and maintained by the State or its subdivisions, and the moneys granted by the United States are assets in the hands of the State to be used for the specified purposes as it deems best."

In none of these cases was it found that a State was violating the terms of the grant under consideration, but in both *United States v. Louisiana* and the King County case the court clearly indicates that Congress would not be powerless in the event of a breach. In *Langer v. United States* (76 Fed. 2d 817, 824), all of the foregoing cases were cited by the defendant in support of the



contention that money granted to a State under the Federal Emergency Relief Act of 1933 could be used in any manner the State saw fit. The court flatly refused to sustain the contention.

As has been pointed out to the committee, the Federal Emergency Relief Administrator and the Comptroller General regarded funds after grant as having the status of State funds. These decisions were made at a time when there was no question as to the proper use of funds by the States, and in the final analysis only meant that while being administered for the purposes of the granting acts, the funds would not be subject to the general fiscal laws applicable to Federal agencies. These determinations, of course, are not decisive of the present question any more than would the fact that the Yosemite Valley was not subject to Federal land laws while being properly used by California or that money being used by Michigan to build the St. Mary's Canal was not subject to Federal fiscal laws require a different result in the Ashburner and Michigan cases. These determinations obviously did not purport to cover the status of funds which could not be used pursuant to statutory authority. In this connection, in 1935 the Supreme Court of South Carolina in *Harris v. Fulp* (188 S. E. 158) held that a State relief administrator could not be sued by an individual in view of the State's immunity against suit. In determining the then status of relief funds, the court relied principally on the Comptroller General's opinion. On the other hand, the Supreme Court of Maine in *State v. Martin* (187 Atl. 710), reversed a bribery conviction under State law of a State emergency relief administration employee, saying:

"The State—no official, no employee of the State as such—had title to or control of the funds apportioned by the United States or of food, clothing, or other supplies purchased therewith."

And in *Madden v. United States* (80 Fed. 2d 672, 676; cert. den. 297 U. S. 710), the Court said:

"Defendant contends that there was a fatal variance between the proof and the indictment. His argument is that funds granted by the Federal Emergency Relief Administration to the Emergency Finance Board, a State agency, became State funds and thereafter no title thereto existed in any Federal agency, and when the Emergency Finance Board transferred part of its funds to the city of Boston for payment of Boston Public Library employees, title to such funds passed to the city of Boston, and thereafter the power of disposition of such funds was in the city of Boston and no Federal agency had any power over them. This contention is not sound. All projects carried on with money derived from the Federal Government had to be approved by the Federal Administrator. Any diversion of such funds from the project to which they were assigned was a diversion of Government money. As hereinbefore stated, all funds allotted by the Federal Government for the relief of unemployment even though disbursed by State agencies were ear-marked as Federal funds, and if diverted from the use for which they were granted it constituted a fraud upon the Government."

More to the point than the decision of the Comptroller General heretofore cited to the committee is the report of the Comptroller General to the Director of the Budget, dated November 26, 1946 (B-58301). The Comptroller then had under consideration a proposed bill under which the United States would be divested of any interest in the Tennessee Valley Associated Cooperatives, Inc. This Corporation was organized under the laws of Tennessee and financed by Federal Emergency Relief Administration money granted to the Governor. It differed from

rural-rehabilitation corporations only in the fact that the stock was issued in the name of the Secretary of the Treasury without voting rights, whereas in the case of rural-rehabilitation corporations the stock was taken in the name of the incorporators and pledged with the Federal Emergency Relief Administration to insure compliance with the grants. The pertinent part of the report is as follows:

"Even if it may be conceded that it was not the Federal intent to retain control of the emergency relief funds involved other than as necessary to insure that the purpose for which granted would be carried out, it must be recognized that they not been fully expended and that in continuing to hold them and in administering their use the Corporation performs basically a Federal Governmental function. In an analogous situation involving the Virgin Islands Company, the capital of which likewise was obtained from emergency relief grants, this office has taken the position that whatever portion of such funds has not been dissipated by operating losses represents unexpended relief grants and, as such, will be required to be accounted for to the United States. See General Accounting Office Report on Audit of the Virgin Islands Company, 1945, printed as House Document No. 701, Seventy-ninth Congress.

"In other words, the proposed legislation would divest the United States of a remainder interest of approximately \$183,000 in the Tennessee Valley Associated Cooperatives, Inc., representing an unexpended balance of emergency relief funds granted many years ago to assist in the organization and fostering of cooperative enterprises in the Tennessee Valley, and it would result in turning that sum over to a corporation or other agency disassociated from the Government for further use without limitation as to time. No convincing reason has been advanced to me as to why that should be done and, consequently, I am unable to recommend favorable consideration of the specific proposal submitted."

It has also been suggested to the committee that the transfer agreements require the return of the assets in question to the States or corporations and that any other disposition by Congress would violate these agreements. Of course, this argument could be met by returning the assets pursuant to the agreements and then by congressional mandate require the States to return the funds to the Federal Treasury for such further disposition as the Congress might deem appropriate. However, in the event Congress does not desire that the funds be further used by the States, the law does not require the useless and expensive formality of a transfer. In the first place, the parties to the transfer agreements did not purport to contract with respect to the use of funds that cannot be used in compliance with the granting statute, and in the second place neither the Secretary nor any other official of the Government could by contract divest the United States of any interest it might have in the funds unless so authorized by Congress. We are unaware of any such authority having been granted to either the Secretary or the Administrator of the Resettlement Administration. To put it another way, the obligation assumed by the States when the grants were made cannot be discharged by collateral agreements between the States or their agencies and the Secretary. This obligation was aptly stated by the Supreme Court of South Carolina in *Harris v. Fulp*, as follows:

"The Governor of the State of South Carolina requests periodically from the Federal Emergency Relief Administrator under the said act of Congress, namely, section 5 and subsection (c) of section 4 of said act, and for the purpose of subsection (a) of section 4 of said act (15 U. S. C. A., secs. 725, 724 (c,

a)), funds in the form of grants, using therefor Federal Emergency Relief Administration form 11-B and the Treasurer of the United States sends the United States checks periodically for such funds to the Governor of the State, who, in his application, promises that these funds and the disbursement thereof shall be expended and made in accordance with the said act of Congress and the rulings and regulations prescribed by the Federal Emergency Relief Administrator. It appears, therefore, that the Federal Emergency Relief Administration makes these grants under the said act of Congress to the Governor as the Governor of the State of South Carolina upon the promise that the Governor shall expend the funds so received as the act of Congress intended it to be expended, namely, for the relief of destitution and unemployment."

Finally, it has been contended before the committee that disposition of the assets in question in any manner other than returning them to the States for unrestricted use would be unconstitutional. *Rice v. Railroad Company* (supra), which was cited with approval in the case of *United States v. Minnesota* (270 U. S. 181), was cited in support of the proposition. In the *Rice* case, *Rice*, the plaintiff, claimed land by purchase and entry from the United States. The railroad company defended under a grant to Minnesota for railroad-construction purposes. The plaintiff replied that the granting statute was repealed, and the defendant claimed the repealing statute was void. The Court held the repealing statute was valid. The following extracts from the opinion are pertinent here:

"Omitting all such parts of it (the granting statute) as are unimportant in this investigation, it provides 'that there shall be, and is hereby, granted to the Territory' of Minnesota, for the purpose of aiding in the construction of a railroad \* \* \* every alternate section of land, designated by odd numbers, for six sections in width on each side of said road within said Territory \* \* \* which land shall be held by the Territory of Minnesota for the use and purpose aforesaid.' Certain words in the clause are omitted, because they are not material to the present inquiry, and if produced, would only serve to embarrass the investigation. Standing alone, the clause furnishes strong evidence to refute the proposition of the defendants, that a beneficial interest passed in present to the Territory; because it is distinctly provided that the lands granted shall be held by the Territory for a declared use and purpose, evidently referring to the contemplated railroad, which, when constructed, would be a public improvement of general interest. Resort to construction, however, on this point is wholly unnecessary, because it is expressly declared in the second proviso that the land hereby granted shall be exclusively applied in the construction of that road for which it was granted, and shall be disposed of only as the work progresses; and the same shall be applied to no other purpose whatever. Beyond question, therefore, the lands were to be held by the Territory only for the use and purpose of constructing the railroad described in the act, and they were to be applied to that purpose and no other."

"That rule (strict construction against grantee) is plainly applicable to this case; and when applied, we think it is clear that the Territory acquired nothing under the act of Congress set up in the answer but a mere naked trust or power to dispose of the lands in the manner therein specified, and to apply the same to the use and purpose therein described. Suppose it to be so, then it is not controverted that Congress could at any time repeal the act creating the trust, if not executed, and withdraw the power."



On the other hand, the first syllabus of the opinion states the corresponding rule, as follows:

"If Congress pass an act granting public lands to a Territory to aid in making a railroad, and if, by the true construction of the act, the Territory acquired any beneficial interest in the lands as contradistinguished from a mere naked trust or power to dispose of them for certain specified uses and purposes, the act is irrevocable, and a subsequent act attempting to repeal it is void."

Thus, if the grants in question were not for specified purposes or if the purpose of the grants were being complied with by the States, there would be no contention that Congress could or should revoke the grants. However, under the facts before the committee there is no question of repealing the grant statutes but simply the question of whether Congress has the power to prevent an unauthorized use of grant money since the grant statutes clearly limited the use for which such granted funds could be expended. It is one thing to change the rules after the game has started but an entirely different thing to enforce rules during the game that were in effect when the game started.

In conclusion, it might be appropriate to discuss briefly the possible moral issues involved in the problem before the committee. We do not understand that the State or corporation representatives who have appeared before the committee or expressed an interest in H. R. 2392 and H. R. 3244 have contended at any time that the States have a moral right to use the funds in question for any purpose not authorized by the grant statutes. On the other hand, the department certainly does not wish to deny the States any rights they now have to use the funds. If we understand the position of the States and corporations correctly it is that the funds will be used by them for rural rehabilitation purposes and that such use is authorized under the granting acts. The distinction between rural depression relief and 1934 drought relief and the broad concept of rural rehabilitation is discussed in the Department's report. The dilemma of the States and corporations today arises not from any threatened breach of good faith on the part of any branch of the Federal Government but rather from the fact that the grants were not made for use in social welfare programs in times of prosperity, but were made to relieve distress in emergencies induced by the depression and 1934 drought. The grant statutes were based on emergencies found to exist by Congress and did not contain the words "rural rehabilitation"—these are the facts which the department feels permit an objective consideration of the proposed legislation by the Congress free from any supposed legal or moral restraint other than to act for the public welfare.

Mr. COOLEY. Mr. Chairman, I yield myself 1 minute.

I would like to say to the gentleman who has just addressed the House that the States that will receive nothing have contributed nothing to this trust fund. This is not an appropriation of money. I am just a little surprised at the gentleman, knowing his legal brilliance, that he would suggest that this money could be returned to the Treasury of the United States, because the basis for the trust no longer exists.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HESELTON. Is it not a fact that the Federal Government appropriated the great bulk of this money for a specific purpose? It came from the Federal

Treasury for the purpose of setting up a trust fund. I ask what is to become of the money when the trust is carried out.

Mr. COOLEY. The gentleman is confused because no trust was created when the money was granted to the corporations.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Chairman, I yield myself 2 additional minutes. I do not want to be left out on the legal limb and then have the gentleman run off and leave me.

No trust was created in the original act. The trust is one which was created in my State 12 years ago, and it is not predicated upon the existence or non-existence of an emergency or upon a need of any particular kind; it is predicated upon a transfer of funds from the State corporation to the Federal Secretary of Agriculture. That is the trust I am trying to enforce.

Mr. HESELTON. Does the gentleman disagree with the statement of the Secretary of Agriculture, Mr. Brannan?

Mr. COOLEY. I disagree with every bit of it.

Mr. HESELTON. That this comes out of the appropriation?

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Is it not a fact that the original source of these funds was the emergency appropriations passed back in the early thirties during the depression?

Mr. COOLEY. That is right.

Mr. KEEFE. Those were grants made to the States for certain purposes?

Mr. COOLEY. That is right.

Mr. KEEFE. When those grants were made the grant became the property of the States to which the grants were made?

Mr. COOLEY. The gentleman is exactly right.

Mr. KEEFE. There was no way of recalling those grants, as we have under the continuous grant programs today, where you can withhold future grants for noncompliance or failure to utilize them as somebody might want. The money became the money of the States?

Mr. COOLEY. That is right.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself three additional minutes.

Mr. KEEFE. I understand that was the opinion of the Comptroller General at that time.

Mr. COOLEY. That is right.

Mr. KEEFE. That that money became the money of the States, vested in the States without any strings tied to it at all. Now, when the thing was transferred back, it was transferred under a trust agreement?

Mr. COOLEY. Exactly.

Mr. KEEFE. An agreement entered into between the Secretary of Agriculture and the various State corporations or organizations operating in the States and utilizing this money?

Mr. COOLEY. The gentleman is correct.

Mr. KEEFE. That is the trust agreement that has been referred to by which these funds were vested in the Department of Agriculture subject to the condition of those trusts. As I understand the situation, the States are asking that those moneys be returned in accordance with the provisions of those trust agreements?

Mr. COOLEY. The gentleman is correct.

Mr. KEEFE. I understand the Comptroller has ruled that there is a legal liability resting upon the United States Government as a result of the provisions of those trust agreements to turn this money back to them. Is that not what this proposes to do?

Mr. COOLEY. That is the situation and that is what we propose to do and, further, the funds are in a trust account marked "State Rural Rehabilitation Corporation Fund."

Mr. KEEFE. The corporation in my State is in existence and they are demanding the return of this money pursuant to the terms of the trust agreement entered into.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. Some gentlemen have indicated that certain of the States are not going to get back as much as others. Is it not a fact that this money was originally appropriated on a formula, the details of which I am not familiar with, and some of the States spent or squandered or expended their money in some way or other and did not have any money to put in the trust fund?

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kansas.

Mr. REES. I understand this \$50,000,000 is the taxpayers' money appropriated from the Federal Treasury.

Mr. COOLEY. The gentleman is woefully lacking in understanding if that is his understanding.

Mr. REES. No. Was not this money appropriated once from the Federal Treasury?

Mr. COOLEY. It was appropriated out of the Federal Treasury and has never been appropriated back into the Federal Treasury. It is not in the Federal Treasury now. It is in a trust fund.

Mr. REES. But it was appropriated out of the Federal Treasury in the first place?

Mr. COOLEY. Yes.

Mr. REES. It has been said over and over again that the purposes for which the money was appropriated or allocated in the first place has ceased to exist; is that correct?

Mr. COOLEY. No; I do not think so, because I think we still have distressed rural areas in America and we still appropriate millions of dollars every year to carry on a rural rehabilitation program.

Mr. FULTON. What States are getting no money?



Mr. COOLEY. The States that put no money in.

Mr. FULTON. Well, what are they?

Mr. COOLEY. I do not know. See the report.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. HOPE. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, in the colloquy between the chairman of the committee and the gentleman from Wisconsin [Mr. KEEFE], the statement was made that the Comptroller General had made a ruling that these funds belonged to the States. Now, I do not recall that any ruling of that kind appeared anywhere in the hearings, and I would like very much to have that ruling pointed out to me.

Mr. KEEFE. Mr. Chairman, if the gentleman will yield, I referred to page 5 of the report, in which it states:

Ample evidence was presented to the committee during its hearings on this matter that both the Federal Emergency Relief Administrator and the Comptroller General, at that time Mr. McCarl, regarded the grants to States for rural rehabilitation and relief purposes as outright grants and the assets arising from those grants as the property of the States.

It is in your report.

Mr. HOPE. That is a conclusion on the part of the author of the committee report.

Mr. KEEFE. I do not know, if you cannot believe what your committee reports.

Mr. HOPE. I am inquiring as to what evidence there was in the hearings that there was any formal ruling on that point by the Comptroller General.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. HOEVEN].

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, this matter certainly should be resolved one way or the other. I think the gentleman from Wisconsin [Mr. KEEFE] correctly stated the proposition. This money was appropriated out of the Federal Treasury, given to the States for a specific purpose, and the balance not used is now held in a trust fund for the benefit of some 43 States who participated. Trust agreements were entered into with these various States. They may have varied somewhat in their language, so I will address myself solely to the Iowa contract. It has this provision relating to termination of the trust agreement:

ART. VIII: In the event that the authority of the Administrator or his successor (as provided in article IX, section 1 hereof) shall cease, this agreement shall be forthwith terminated and the property remaining of that hereby transferred, together with the remaining proceeds, after the liquidation of any claims then existing against such assets, shall be retransferred to the corporation or to such other corporation, person or agency as shall be prescribed by the Legislature of the State of Iowa.

The Governor of the State of Iowa advised me by telegram on May 17, 1949, in response to my inquiry, that under section 1, chapter 86, Acts of the Forty-eighth General Assembly of Iowa, it is provided that the Iowa State Department of Social Welfare shall receive such funds if they are returned to the State of Iowa.

So, the only question remaining here is whether or not we are going to uphold the sanctity of contracts, and whether or not we believe in State's rights. The State of Iowa has the sum of \$1,253,932.55 in the trust fund, with accrued interest of \$74,891.77.

During the hearings on this bill I interrogated Mr. Rooney, Assistant Solicitor of the Department of Agriculture, regarding the Iowa trust agreement and the sanctity of controls in general. On page 65 of the hearings you will find the following colloquy:

Mr. HOEVEN. Do you think that the Government should carry out its contractual obligations?

Mr. ROONEY. I do not think it is necessary or even wise to go through with a useless and expensive procedure.

Mr. HOEVEN. I am asking you this: Do you think the Government should carry out its contractual obligations?

Mr. ROONEY. Oh, yes; I do.

So really the only question involved here is whether or not we are going to carry out these contractual obligations with the respective States.

Something has been said about resorting to the courts to determine the issue. This would only mean a multiplicity of suits and would perhaps involve 43 States. Why have the Federal courts resolved this question when it can be resolved here? It is my understanding that a similar bill has already passed the Senate.

There can be no doubt that the trust agreements transferring these assets to the Secretary of Agriculture for administration are legally binding instruments enforceable in the courts, and establishing an unconditional obligation on the part of the United States to return the trust assets to the States. I challenge any one to interpret the provisions of the Iowa agreement in any other way. Ours is an unconditional proposition. So in the opinion of a majority of the committee, the United States is now estopped from questioning the title of the respective States to the trust assets and from making any disposition of said assets other than that directed by the States, if the State choose to exercise its right under the agreement.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Michigan.

Mr. DONDERO. If this bill is passed, do the funds go back to the States?

Mr. HOEVEN. They will go back to the States if it is requested by the Governors or the proper agencies designated by the respective State legislatures.

Mr. DONDERO. If the bill is not passed, the funds remain?

Mr. HOEVEN. If the bill is not passed, the money will remain in status quo,

until otherwise disposed of. We should determine what is going to be done with it.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. It will remain in status quo only so long as the States refrain from bringing suits, but it is true that there will be a lot of suits instituted.

Mr. HOEVEN. The gentleman is absolutely correct. The suits can be instigated by each one of the 43 States, and the courts will then have to determine what shall be done with the funds that are now held in trust. The passage of the bill will make that all unnecessary.

Mr. HOPE. Mr. Chairman, I yield the remaining time to the gentleman from Iowa [Mr. TALLE].

(Mr. TALLE asked and was given permission to revise and extend his remarks.)

Mr. TALLE. Mr. Chairman, I am opposed to the enactment of H. R. 2392, because I am convinced it is neither practical nor economical. Last year I introduced an alternate plan, H. R. 5832, which eliminates the wasteful duplication of services by Federal and State agencies provided in H. R. 2392. A detailed analysis of my bill is included in the Appendix of the CONGRESSIONAL RECORD for August 4, 1949, on pages A5293-A5295. Briefly, my bill proposes to create in the United States Treasury a revolving fund for each of the 43 States which transferred assets to the Secretary of Agriculture, and to utilize these revolving funds through the existing facilities of the Farmers Home Administration for extending operating credit to farmers.

I have here a statistical summary showing the loans and collections of the Farmers Home Administration cumulative through June 30, 1949; and the figures make me all the more certain that H. R. 5832 provides the logical answer to the present troublesome question of what to do with the unexpended balances of Federal Emergency Relief Act appropriations. They indicate conclusively what we can expect if the approximately \$50,000,000 is made available to the Farmers Home Administration for use in extending credit to deserving farm families. The summary covers the production and subsistence lending activities of Farmers Home since October 31, 1946, when that agency was created, and represents—in my opinion—a true picture of what this agency is now doing and will continue to do. In all, Congress has appropriated, and this agency has lent, to deserving farmers, a total of \$196,286,458. Such funds are direct Government loans repayable over a 5-year period, and repayments already maturing have amounted to \$97,362,467. Of this sum, the agency has already collected \$39,615,094 in principal—92 percent of the amount due. I believe this is comparable with other credit experiences, yet these loans are made to farmers who lack the necessary chattels or other security to make them eligible for private or cooperative credit.



In addition, the agency has collected almost \$5,000,000 in interest, so that combined interest and principal amounts to almost 96 percent of the matured debt. While there is some arrearage, of course, the Farmers Home Administration has found it necessary to write off only \$34,656 as uncollectible, and has judgments for only \$9,306 against persons obviously attempting to avert payments.

Mr. Chairman, I have already been granted unanimous consent to include the table referred to as a part of my remarks, and I urge my colleagues to examine it carefully. I am sure Members will be proud of the borrowing record of our American farmers. In my State, Iowa, for example, FHA borrowers have already repaid more than their matured indebtedness. Of the \$3,291,695 which has been loaned since October 31, 1946, maturities have amounted to \$1,113,960 and principal repayments to \$1,120,209. Even if the \$98,973 interest these families have paid is left out of account, the repayment record stands at 100.6 percent of maturities.

Other Midwestern States have equally impressive repayment records, as follows: Wisconsin, 109.3 percent; Minnesota, 104.5 percent; Illinois, 97.4 percent; North Dakota, 94.8 percent; Missouri and Nebraska, 93.3 percent—all above the national average. The conclusion is inescapable that the Farmers Home program, as operated in the Middle West, is bringing good results both in repayment and in providing the means for better farming. The record shows beyond doubt that the Farmers Home Administration is doing a first-rate job in rural rehabilitation. Moreover, the American taxpayer is receiving good returns on his investment in this agency's programs. Under the circumstances, it is only prudent to utilize these existing facilities rather than to create or revive duplicate, competing agencies in 43 States. Furthermore, under my plan, the funds would be protected by FHA safeguards, and the borrowers would receive sound farm-management guidance.

As you know, Mr. Chairman, the total value of the assets involved in the legislation under discussion is approximately \$50,000,000. The funds were first handled by the State emergency relief administrations; subsequently, they were turned over to the State rural rehabilitation corporations; in 1935, when the Comptroller General of the United States ruled that these State corporations could no longer be financed by Federal funds, the corporations transferred these assets to the Federal Government for use in their respective States. The ultimate disposition of these funds has been hanging in the air for the past 4 years—since passage of the Farmers Home Administration Act of 1946. As a practical matter, the corporate funds cannot be returned to the State corporations as provided in H. R. 2392, for the simple reason that many of the State corporations have long since ceased to exist.

My bill, unlike H. R. 2392, recognizes the changes that have taken place and proposes to make practical use of the remaining money—within the respective

States to which it was granted—for purposes which are already authorized in the Farmers Home Administration Act: that is, for the making of production and subsistence loans to farmers and stockmen who cannot secure the necessary financing elsewhere for livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs.

Under my bill the money would constitute a revolving fund for each of the 43 States which had a rural rehabilitation corporation, and would be added to the amount now available to the States through the annual appropriations for production and subsistence loans under title II of the Bankhead-Jones Farm Tenant Act as amended by the Farmers Home Administration Act. As the loans are repaid, the principal and interest would be applied to the appropriate revolving funds; and, since title II loans have a maximum maturity period of 5 years, with annual payments thereon, the money would turn over frequently and be in relatively constant use.

Today, Mr. Chairman, there are many farmers seeking operating credit whose needs, for want of adequate collateral, cannot be taken care of by local banks. Among them are thousands of war veterans who have not yet been able to achieve the most efficient agricultural production of which they are capable. Through the Farmers Home Administration some of these young farmer-veterans are being helped to build up their production and, thereby, to provide better homes, improved living conditions, and wider educational opportunities for their families. This program has been working out well indeed; the loans are being paid back; soil conservation is being promoted; rural communities are benefiting because of the increased incomes. But the demand from farmers for this type of credit is far greater than can be met with the funds appropriated annually by the Congress for title II loans. In this connection, I should like to mention that the Congress has generously provided for on-the-farm training of veterans under the so-called GI bill of rights, a program which is being carried on extensively throughout the agricultural areas of the Nation. However, unless we also provide adequate credit facilities which will enable these young veterans to start farming, we will have largely wasted the funds expended in training them.

My bill will help to rectify the situation without requiring additional appropriations. It simply provides that funds already appropriated, and funds from current liquidations, be used for extending operating credit to a greater percentage of farmers who need and who are eligible for this service. It does not set up any new organization but proposes to utilize the existing machinery of the Farmers Home Administration. It can be put into effect without any delay whatever. It can be administered in conjunction with the existing program with virtually no additional expense and without confusion to the farmers. It will bring an end to the uncertainty as to the disposition of Federal funds which

obviously cannot now be used for their original purpose. Moreover, I want to emphasize that my bill, H. R. 5832, is in line with grass-roots thinking on the subject. A few months ago the Iowa FHA advisory committee, composed of substantial farmers and other citizens, none of whom is on the Federal pay roll, unanimously recommended that such legislation be enacted. It is practical, economical, and in the best interests of our farming population. If passed, it will remove the necessity of establishing State agencies parallel to the existing Federal agency—with the attendant expense, delay, and duplication of work—as would be required if H. R. 2392 were enacted.

Mr. Chairman, at the appropriate time I intend to offer an amendment to strike out everything after the enacting clause in H. R. 2392 and to substitute the general provisions of my bill H. R. 5832. I say "general" provisions because I propose to revise my own bill slightly. A new subsection will be included releasing in favor of the States any claim to the funds or property derived from the grants for rural or drought relief which are now in the possession of the States or the State rural rehabilitation corporations. My reason for including this provision is that two States—namely, North Carolina, the home of the distinguished chairman of the Agriculture Committee, and North Dakota—did not turn over to the Secretary of Agriculture all of the assets they derived from the emergency relief acts. Several hundred thousand dollars of the \$50,000,000 involved in this legislation are still retained by North Carolina and North Dakota. Presumably, these two States have set up adequate organizations to administer that part of the assets they did not turn over to the Secretary of Agriculture, and no good purpose would be served by disturbing the existing arrangements.

Mr. Chairman, at this point I should like to analyze my proposed amendment, section by section.

Section 1 contains a declaration by the Congress that the emergency referred to no longer exists and that the funds granted thereunder for rural or drought relief can no longer be used for the purposes for which they were originally appropriated or made available by the Congress.

Section 2 (a) would terminate the grants made to the States or rural rehabilitation corporations for rural or drought relief with respect to all funds, property, or other assets derived from such grants and actually transferred to the Secretary of Agriculture or Administrator of the Resettlement Administration pursuant to the transfer agreements, and full legal and equitable title to such funds and property would be vested in the United States. In some States, notably Arkansas, the rural rehabilitation corporation for the State-financed subsidiary corporations which in turn have entered into liquidation agreements with the Secretary. Property covered by these liquidation agree-



ments would also be vested in the United States.

Under section 2 (b) the United States would relinquish in favor of the States any claim to the funds or property derived from the grants for rural or drought relief which are now in the possession of the States or rural rehabilitation corporations.

With certain exceptions, section 3 (a) would create a revolving fund out of the property described in section 2 (a). The Secretary would administer the revolving fund in accordance with the provisions of the proposed bill and the Bankhead-Jones Farm Tenant Act, as amended. All proceeds from the liquidation of real and personal property, including notes and mortgages, would be placed in the fund and would be available, along with the proceeds of loans made from the fund, for the making of loans under title I or title II of the Bankhead-Jones Farm Tenant Act. A separate account, however, for each State, the rural-rehabilitation corporation of which transferred property to the Secretary would be kept and maintained by the Secretary. With the exception of administrative expenses in Washington and in the area finance offices of the Farmers Home Administration, the funds so earmarked for each State could be used only in that State. Provision is also made in section 3 (a) for the equitable apportionment of joint investments.

Section 3 (b) is designed to cover a number of special situations:

First. Property or investments from corporation funds used in labor-supply centers, labor camps, or labor homes would be disposed of under legislation dealing specifically with those projects.

Second. Land that has been transferred for administration to the Forest Service would be held by the Forest Service and have the status of Weeks law land. This would permit the property to be made available for grazing.

Third. With respect to property which is now a part of a water conservation and utilization or Wheeler-Case project, such property would be continued to be held or liquidated in accordance with the authority applicable to such projects. The same procedure would apply to a nursery now being used by the Soil Conservation Service.

Fourth. Administrative property, such as office equipment, could be transferred to the inventory of the Farmers Home Administration upon payment to the revolving fund of the fair appraised value thereof, or could be used by the Secretary in connection with the administration of the proposed bill.

Fifth. With respect to property which has been transferred to other Federal agencies for liquidation or has been granted to other organizations, such as State agricultural colleges, the property would be continued to be held and used in conformity with the applicable transfer agreements. However, if any of the property in the foregoing special categories should be liquidated, the proceeds would be placed in the revolving fund, or, in the case of grants, if under terms of the grants the property should revert to the Secretary it would be returned to the revolving fund.

Section 4 would make the compromise powers presently available to the Farmers Home Administration for most of its programs applicable to the administration of the revolving fund.

Section 5 authorizes the Secretary of Agriculture to make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of the act.

Section 6 saves the Secretary of Agriculture harmless from any personal liability he may incur in carrying out the provisions of the act.

Section 7 repeals section 2 (f) of the Farmers Home Administration Act of 1946, which directed the Secretary of Agriculture to liquidate, as expeditiously as possible, the trusts under the transfer agreements with the various State rural rehabilitation corporations, and authorized and directed him to negotiate with responsible State officials to that end.

Mr. Chairman, I realize this is a complicated problem and, in order to clarify it for any of my colleagues who may not have had an opportunity to study it thoroughly, I have prepared a brief question-and-answer summary, as follows:

First. How much money is involved?

Fifty million dollars.

Second. Whence were the funds derived?

From the Federal emergency relief acts passed in the 1930's. Not 1 cent was contributed by the States.

Third. What is the legislative status of the funds?

The funds are held in the United States Treasury by the Secretary of Agriculture pursuant to trust agreements with the several States. The act which created the Farmers Home Administration in 1946 provided that disposition of the funds should be made as expeditiously as possible—but it did not specify how the liquidation was to be accomplished.

Fourth. What does my amendment propose?

It sets up a revolving fund in the Treasury for each of the 43 States which transferred unexpended relief funds to the Secretary of Agriculture; such funds to be used for extending operating credit to farmers; and each revolving fund to be used only within the particular State for which it is created.

Fifth. How does my amendment propose to extend this credit?

Through the existing facilities of the Farmers Home Administration.

Sixth. Will my amendment aid veterans?

It will provide additional credit to assist young veterans—many of whom are presently enrolled in on-the-farm training under the so-called GI bill of rights—to start farming.

Seventh. Does my amendment have the support of farmers?

Yes, my amendment represents grassroots thinking on the subject. It was, in fact, inspired by and has been endorsed unanimously by the Iowa FHA Advisory Committee, which committee is made up for the most part of actual dirt farmers.

Eighth. If enacted, what will my amendment accomplish?

(a) It will bring an end to the uncertainty as to the disposition of Federal funds which obviously cannot now be used for their original purpose.

(b) It will provide additional operating credit to farmers, including young veterans, without requiring additional appropriations, without creating additional agencies, and without delay.

(c) It will utilize the existing facilities of the Farmers Home Administration—thereby removing the necessity for establishing parallel State agencies with the attendant expense, delay, and duplication of work which will be required if H. R. 2392, as now proposed, is enacted.

*Production and subsistence loans, maturities and collections, cumulative through June 30, 1949<sup>1</sup>*

State and Territory	Cumulative advances	Matured principal	Collections			Principal write-offs	Principal judgments	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments	Total			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States total.....	\$196,286,458	\$97,362,467	\$89,615,094	\$4,933,681	\$94,548,775	\$34,656	\$9,306	92.0
Alabama.....	7,042,217	4,342,361	4,086,277	166,941	4,253,218	5,693		94.1
Arizona.....	503,164	218,868	165,576	12,464	178,040			75.6
Arkansas.....	9,143,483	5,545,032	5,278,961	238,041	5,516,992	1,251		95.2
California.....	3,041,141	1,241,726	1,096,698	88,087	1,184,785	45		85.3
Colorado.....	4,869,203	2,381,130	2,107,210	126,729	2,233,939	20		88.5
Connecticut.....	98,780	46,660	34,716	3,621	38,337			74.4
Delaware.....	150,407	50,379	33,174	3,662	36,836			65.8
Florida.....	2,564,201	1,637,824	1,272,700	55,668	1,328,368	763	250	77.7
Georgia.....	9,213,872	6,885,984	6,395,884	195,794	6,591,678	5,300		91.7
Idaho.....	3,789,833	1,493,619	1,401,928	105,524	1,507,452			93.9

<sup>1</sup> Loans made by Farmers Home Administration subsequent to Oct. 31, 1946.



Production and subsistence loans, maturities and collections, cumulative through June 30, 1949—Continued

State and Territory	Cumulative advances	Matured principal	Collections			Principal write-offs	Principal judgments	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Illinois.....	\$3,425,955	\$1,180,320	\$1,149,019	\$105,386	\$1,254,405			97.4
Indiana.....	2,182,202	745,328	711,030	62,872	773,902	\$1		95.4
Iowa.....	3,291,695	1,113,960	1,120,209	98,973	1,219,182	20		100.6
Kansas.....	3,477,374	1,226,355	1,080,138	91,958	1,172,096	200		88.1
Kentucky.....	4,061,832	1,918,085	1,813,428	123,883	1,937,311	176		94.5
Louisiana.....	7,159,411	4,578,753	4,416,797	168,207	4,585,004	3,254		96.5
Maine.....	2,842,563	1,692,763	1,612,418	78,900	1,691,318			95.3
Maryland.....	1,362,868	430,714	331,729	36,269	367,998			77.0
Massachusetts.....	360,675	177,594	144,493	11,819	156,312			81.4
Michigan.....	4,142,139	1,081,974	1,003,038	116,918	1,119,956	347		92.7
Minnesota.....	4,503,805	1,372,838	1,434,745	119,749	1,554,494	255	\$419	104.5
Mississippi.....	9,275,173	5,750,670	5,473,605	230,652	5,704,257	2,254		95.2
Missouri.....	5,718,075	2,246,527	2,099,693	160,328	2,260,021	250		93.5
Montana.....	4,883,004	1,986,329	1,734,418	108,989	1,843,407	1		87.3
Nebraska.....	2,750,743	975,103	909,699	81,587	991,286			93.3
Nevada.....	334,150	99,951	98,237	11,927	110,164			98.3
New Hampshire.....	406,877	110,651	96,314	14,135	110,449			87.0
New Jersey.....	1,327,425	572,551	369,980	35,826	405,806			64.6
New Mexico.....	2,204,494	974,797	778,641	51,069	829,710	10		79.9
New York.....	3,420,631	1,052,179	913,778	89,633	1,003,411		1,474	86.8
North Carolina.....	14,825,528	9,565,402	9,230,476	333,781	9,566,257	4,193	1,391	96.5
North Dakota.....	3,643,495	1,573,192	1,491,853	71,106	1,562,959			94.8
Ohio.....	2,059,950	679,546	622,574	59,820	682,394			91.6
Oklahoma.....	9,765,740	4,150,403	3,730,376	233,013	3,963,389	1,161		89.9
Oregon.....	1,939,500	799,586	658,266	48,879	707,145			82.3
Pennsylvania.....	2,971,178	947,294	849,037	77,287	926,324	4	2,772	89.6
Rhode Island.....	62,350	24,900	21,415	2,183	23,598			86.0
South Carolina.....	10,136,032	7,161,100	6,609,412	223,942	6,833,354	1,399	1,000	92.3
South Dakota.....	3,330,214	1,155,321	1,118,453	75,926	1,194,379			96.8
Tennessee.....	3,499,759	1,790,317	1,708,395	92,322	1,800,717			95.4
Texas.....	16,351,627	8,970,289	7,679,105	372,798	8,051,903	7,898		85.6
Utah.....	1,581,850	528,928	473,536	40,610	514,146			89.5
Vermont.....	699,720	131,815	122,632	19,555	142,187			93.0
Virginia.....	2,078,995	1,219,186	1,179,111	48,621	1,227,732	19		96.7
Washington.....	1,942,367	650,874	605,822	47,320	653,142	1		93.1
West Virginia.....	973,220	283,657	277,242	22,999	300,241			97.1
Wisconsin.....	4,576,472	1,361,077	1,487,929	152,768	1,640,697			109.3
Wyoming.....	3,634,139	1,490,299	1,258,968	91,466	1,350,434			84.5
Alaska.....	65,532	15,579	12,855	5,901	14,613			69.2
Hawaii.....	277,945	60,666	51,467	5,000	57,368			84.8
Puerto Rico.....	4,280,860	2,660,869	2,255,617	113,527	2,369,144	141	2,000	84.8
Virgin Islands.....	44,595	6,132	6,030	488	6,518			98.3

Mr. COOLEY. Mr. Chairman, I yield myself the balance of the time remaining.

Mr. Chairman, in connection with a question raised by the gentleman from Kansas with regard to the opinion of the Comptroller General, in an opinion which he handed down concerning certain funds in the Alaska corporation when they asked whether or not they could use the funds in the Alaska corporation to match other Federal funds, the question came up as to whether the funds belonged to the corporation or whether they were Federal funds. The Comptroller General, in his opinion, had this to say:

According to this decision—

Referring to some other decision—

it appears the property and funds held by the corporation have lost their Federal identity and may, in every sense of the word, be considered the property of the corporation.

There is no question in my mind but that these are corporation funds.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. CHELF. Is it not a fact that there is in existence a clause in the contract between the Federal Government and these separate State corporations to the effect that upon the termination of the contract the residue of funds or property that is in the possession of the States will be returned to the States?

Mr. COOLEY. Returned to the corporations. That is the specific provision in the contract I referred to.

Mr. CHELF. Then if that be the case—this bill ought to be passed. The Federal Government would set a most dangerous precedent if it violated this or any other solemn contract bearing its signature and seal.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

All time has expired.

The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc., That this act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."*

Mr. HOPE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 1, line 4, strike out all after the enacting clause, and insert the following: "That for the purposes of this act (a) it is hereby declared by the Congress that the emergency declared in the Federal Emergency Relief Act of 1933 (48 Stat. 55) and the emergency referred to in an appropriation of \$525,000,000 in the Emergency Appropriation Act, fiscal year 1935 (48 Stat. 1021, 1056), under the item 'Emergency Relief' no longer exist and (b) that funds (including assets and proceeds derived therefrom) granted to the several States or the rural rehabilitation corporations thereof for rural or drought relief pursuant to the foregoing acts or the act of February 15, 1934 (48 Stat. 351) can no longer be used for the purposes for which they were originally appropriated or made available by the Congress.

"Sec. 2. (a) The purposes for which said funds were originally appropriated or made available having been terminated, the grants to the several States or rural rehabilitation corporations thereof for rural or drought re-

lief pursuant to the authorities described in section 1 are hereby terminated with respect to any funds, property, or other assets derived from such grants and heretofore actually transferred to the Secretary of Agriculture (hereinafter referred to as the Secretary) or the Administrator of the Resettlement Administration (hereinafter referred to as the Administrator) pursuant to transfer agreements entered into between the several rural rehabilitation corporations and the Secretary or Administrator, including the proceeds of such property and property under control of the Secretary pursuant to liquidation agreements with corporations which derived their property directly or indirectly from the aforesaid grants, and full legal and equitable title to such funds, property, and assets, and the proceeds thereof shall henceforth be vested in the United States for use in accordance with the provisions of this act.

"(b) With respect to any funds, property, or other assets, or the proceeds thereof derived from the aforesaid grants for rural or drought relief, which are now in the possession of any State or rural rehabilitation corporation thereof, the interest of the United States therein is hereby relinquished in favor of such State.

"Sec. 3. (a) There is hereby created a revolving fund. Except as provided in subsection (b) hereof, the funds, property, and other assets, and the proceeds thereof, described in section 2 (a) are hereby transferred to such fund. Any of such property which at the present time represents a joint investment with other Government funds shall become a part of the revolving fund only in the proportion as determined by the Secretary that the assets acquired by the Secretary or Administrator pursuant to a transfer agreement with a rural rehabilitation corporation contributed to the total joint investment. The Secretary shall administer the revolving fund in accordance with provisions



of this act and the Bankhead-Jones Farm Tenant Act, as amended, not inconsistent herewith. Any assets consisting of notes, mortgages, and the other obligations transferred to the fund shall be held and liquidated in accordance with the tenor of such obligations and the proceeds of such obligations, the proceeds from loans made from the fund, the proceeds from the liquidation of other property transferred to the fund, and the income from property transferred to the fund, shall be deposited in the fund. With respect to each State, the rural rehabilitation corporation of which transferred property to the Secretary or Administrator, the Secretary shall keep and maintain a separate record and account of all funds, property, or other assets, or the proceeds thereof, so transferred and except as provided herein funds and property in the revolving fund required to be reflected in the account for any State may be used only in such State. In addition to other funds available for such purposes, the cash in the revolving fund shall be available to the Secretary for the making of direct loans under title I or title II of the Bankhead-Jones Farm Tenant Act, as amended, for the servicing of outstanding obligations, collecting loans, and the liquidating of property in the fund, and for administrative expenses in connection therewith, including printing and binding, personal services and rentals, provided, however, that the Secretary may expend funds at the seat of the Government and in the area finance offices of the Farmers Home Administration for administrative expenses, including personal services, equitably apportioning such expenses among the respective accounts for the several States. Moneys in the fund shall be deposited in the Treasury of the United States to the credit of the fund.

"(b) Any property acquired by the Secretary or Administrator under the transfer agreements with the rural-rehabilitation corporations which (1) has been transferred for use in connection with labor-supply centers, labor camps, or labor homes shall continue to be so used until such use terminates or the property is disposed of or liquidated under other law; (2) has been transferred for administration to the Forest Service for forest, forest nursery, grazing, flood control, or other purposes shall continue to be so used and shall be administered in accordance with the laws, rules, and regulations applicable to lands acquired under the act of March 1, 1911, as amended (16 U. S. C. 513-519, 521); (3) has been transferred to the Soil Conservation Service as a part of a water conservation and utilization or Wheeler-Case project or for a nursery shall continue to be so used until liquidation in accordance with other authority; (4) has been used as administrative property for programs under the Farmers Home Administration Act of 1946 may be transferred to the inventory of the administrative property of the Farmers Home Administration upon payment to the revolving fund of the fair appraised value thereof as determined by the Secretary or may be used by the Secretary in connection with the administration of this act; or (5) has been transferred for use or liquidation to any other person, organization, State, or Federal agency, shall be continued to be held or disposed of subject to the terms of the transfer, but should any of the property covered by this subsection (b) be liquidated, or under the terms of the transfer revert to the Secretary, then the property, or the proceeds thereof, shall become a part of the revolving fund for use in the State in which such property is located.

"Sec. 4. The Secretary is authorized to compromise, adjust, or cancel obligations constituting a part of the revolving fund in accordance with the conditions and limita-

tions of the act of December 20, 1944 (58 Stat. 836), and the indebtedness of farmers arising from loans or payments made or credits extended by the rural-rehabilitation corporations, the Administrator or the Secretary out of assets subject to the provisions of this act shall be added to the types of indebtedness and property subject to the provisions of the act of December 20, 1944, and title IV of the Bankhead-Jones Farm Tenant Act, as amended.

"Sec. 5. The Secretary shall have the power to make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

"Sec. 6. The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

"Sec. 7. Section 2 (f) of the Farmers Home Administration Act of 1946, approved August 14, 1946 (60 Stat. 1062) is hereby repealed."

The CHAIRMAN. The gentleman from Kansas is recognized in support of his amendment.

Mr. HOPE. Mr. Chairman, this amendment is offered as a compromise between the conflicting viewpoints which exist on this question. As I stated a while ago, the bill which I originally introduced in the Eightieth Congress and reintroduced in the Eighty-first Congress would have turned all of this money back to the Treasury. The amendment which I am now offering would turn the principal part of this fund, all of it with the exceptions which I will mention, over to the Secretary of Agriculture, to be used by the Farmers' Home Administration in making loans under title I or title II of the Bankhead-Jones Farm Tenant Act; that is, loans for tenant purchases and for rural rehabilitation, the same type of loans that are now being made by the Farmers Home Administration with the exception of the administrative expense in Washington and in area financial offices, funds derived from the assets transferred by a particular State rural rehabilitation corporation would be earmarked to use in the State. That is, the funds that came from the rural rehabilitation corporation in the State of Minnesota would belong to Minnesota, and so on as to each State.

With reference to the property and funds that have been retained by States and their corporations, those funds would remain in the hands of the States. There are a few instances where that has been done. For instance, the State of North Carolina has retained some funds, I believe about \$360,000, if my memory serves me. Those funds would remain in the hands of the States. The United States would relinquish any interest therein to the State.

If enacted, the bill would in effect give legal approval for continuing the way the funds and property have been administered heretofore under the provisions of the appropriation act. There are two or three exceptions that I want to mention.

One is that property or investments of corporation funds used in labor-supply centers, labor camps, or labor homes would be disposed of under legislation dealing specifically with those projects. Another is that land that has been trans-

ferred for administration to the Forest Service would be held by the Forest Service and have the status of Weeks law land. This would permit the property to be made available for grazing. That situation applies especially in New Mexico and possibly some other States.

With respect to property which is now a part of a water conservation and utilization or Wheeler-Case project, such property would be continued to be held or liquidated in accordance with the authority applicable to such projects. The same procedure would apply to a nursery now being used by the Soil Conservation Service.

Administrative property, such as office equipment, could be transferred to the inventory of the Farmers Home Administration upon payment to the revolving fund of the fair appraised value thereof, or could be used by the Secretary in connection with the administration of the proposed bill.

With respect to property which has been transferred to other Federal agencies for liquidation or has been granted to other organizations, such as State agricultural colleges, the property would be continued to be held and used in conformity with the applicable transfer agreements.

That in general covers the provisions of this bill. What it does in effect is to maintain in status quo the situation that now prevails under the temporary legislation by which these funds have been administered.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Massachusetts.

Mr. HESELTON. Do I understand the amendment the gentleman has offered, or his substitute, whichever it is, excludes those States which are not listed in this compilation on page 6 of the committee report?

Mr. HOPE. Yes; that is correct. The bill would simply provide that the funds shall be allocated to loans in the States based upon the amount that come from the States in the first place.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes in order to answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HESELTON. Those States, as I understand it, are Massachusetts, Connecticut, Rhode Island, Delaware, and Maryland. I am wondering if the gentleman has any information as to why in 1933 and 1934 no Federal funds were granted to those States for the purposes of this act?

Mr. HOPE. Well, I am unable to say whether there were any funds granted. It is possible funds were granted and were completely exhausted in those States. I do not know what the situation is in that regard. I will be glad to try to get the information for the gen-



tleman. Perhaps those in charge of the relief program in those States did not see fit to organize rehabilitation corporations.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. The gentleman called attention to New Mexico where under this program close to 200,000 acres of land were repurchased for certain communities on which they had based their economy in years past and finally lost. As a result of that they were in great distress. What I want to ask the gentleman is this: Under his amendment those lands would not be required to be liquidated and put on the auction block?

Mr. HOPE. That is correct, they would not be. They would not be affected at all.

Mr. FERNANDEZ. Under the gentleman's amendment, if it is desired, arrangements could be made whereby those lands may be put under the Forest Service for permanent administration.

Mr. HOPE. That is correct.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWIN ARTHUR HALL as a substitute for the amendment offered by Mr. HOPE: "That this act may be cited as the 'Rural Rehabilitation Corporation Trust Liquidation Act.'"

"SEC. 2. The Secretary of Agriculture (hereinafter referred to as the 'Secretary') is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible, and within 3 years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations: *Provided*, That the Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

"SEC. 3. To effectuate the provisions of section 2 hereof, the Secretary, during the period specified in section 2, shall—

"(a) convert the assets and properties held by him in trust into cash and promptly transmit such cash to the Treasury of the United States for deposit to miscellaneous receipts: *Provided*, That obligations which do not mature within such period shall be liquidated at maturity or on default, whichever is the sooner: *Provided further*, That the Secretary may retain and use so much of said funds as he finds will be necessary in carrying out the provisions of this act;

"(b) cause to be transferred to miscellaneous receipts of the Treasury whatever cash may be in the trust accounts on the date of the approval of this act as he deems is not needed for the purpose of subparagraph (a) of this section.

"SEC. 4. The Secretary shall have the power to make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

"SEC. 5. Section 2 (f) of the act of August 14, 1946 (60 Stat. 1062), is hereby repealed."

Mr. COOLEY. Mr. Chairman, I reserve a point of order against the amendment.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, upstate New York is the forgotten part of the Nation. Ten years

ago, in 1939, when I came down here, I appealed to Secretary of Agriculture Henry Wallace and attempted to get an interview with him for the greatest area of distress that the country has ever known, namely, our dairy areas of upstate New York, which were then unable to get hay. A year ago this House, in a friendly gesture to the West, passed a large emergency loan act and made it possible for several million cattle to be fed out West. In 1940, may I remind my good friend the chairman, who made the point, we were in a distressed area up there. In 1940 the dairy sections of upstate New York were in exactly the same position as they were out West last year in that dairy herd after dairy herd had to be liquidated, and our farmers faced absolute bankruptcy. This substitute of mine will give an opportunity to the State of New York to come in for her just share instead of the \$91,000, a paltry sum, which is offered to us.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from New York.

Mr. KEATING. As I understand the gentleman's amendment, it will provide that these funds will be held by the Federal Treasury as general funds of the United States Government?

Mr. EDWIN ARTHUR HALL. So that the State of New York will have a fair share along with the rest of these fellows that are coming in for a tremendous amount of money. Unfortunately we have never been able to have the power down here that many of the other sections have had because we are not a member of the farm bloc. We do not command the power that some of these big organizations from the far West and the deep South do. For that reason we have been fighting a lost cause for a long time, for the past 10 years.

Mr. KEATING. In other words, if the gentleman's amendment is adopted, by that amendment and the action of the gentleman taken here today this \$50,000,000 that is in question here will be the property of the Federal Government instead of being parceled out to just a few favored States?

Mr. EDWIN ARTHUR HALL. And it will be fairly distributed. New York State will come in for its fair share. I think it is an outrageous situation that year after year the 100,000 dairymen of upstate New York continue to get a raw deal, continue to have their milk prices cut by an unfair outfit down here in Washington.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield.

Mr. HAYS of Ohio. Does the gentleman maintain that the dairymen of upstate New York are in desperate circumstances now?

Mr. EDWIN ARTHUR HALL. We are in such awful circumstances that we are not even able to make cost of production. The gentleman is not familiar with the up-State New York dairying industry or he would not even ask that question.

Mr. KEATING. The gentleman's amendment will also have the effect, will

it not, of benefiting all the taxpayers of New York State, not alone the dairymen for whom the gentleman is fighting so vigorously?

Mr. EDWIN ARTHUR HALL. It will save the taxpayers of New York from a lot of taxes.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from South Carolina.

Mr. RIVERS. Does the gentleman mean to say the State of New York has taken the place of the South and is now economic problem No. 1?

Mr. EDWIN ARTHUR HALL. We are not in line with the cotton kings or the tobacco barons of the South. We are operators of family-size dairies. We milk from 8 to 20 cows in 1 dairy. We do not have an opportunity to make a lot of money, but we are trying to get cost of production and make enough money so that we can keep our heads above water. We are the last vestige of the family-size farm in America, and we want to have an opportunity to be saved.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Can the gentleman inform the House how much money was turned over to the rehabilitation corporation in the State of New York out of the funds that were appropriated in 1933 and 1935 for that purpose?

Mr. KEATING. I asked that question here today and I have not been able to get an answer.

Mr. KEEFE. I should think the diligent Representatives of the State of New York in making the argument that has been made here that the State of New York has been unfairly treated would be able to furnish us with information as to how much they received.

Mr. EDWIN ARTHUR HALL. We are fighting with our backs to the wall.

The CHAIRMAN. Does the gentleman from North Carolina [Mr. COOLEY] insist on his point of order?

Mr. COOLEY. No, Mr. Chairman, I withdraw the point of order.

[Mr. HAYS of Ohio addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. FULTON. Mr. Chairman, I offer a substitute amendment.

The CHAIRMAN. Is it an amendment to the amendment of the gentleman from Kansas?

Mr. FULTON. It is an amendment to the amendment offered by the gentleman from New York.

The CHAIRMAN. The Clerk will report the amendment.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, is it in order to offer an amendment to my substitute?

The CHAIRMAN. The Clerk will first report the amendment and the Chair will then determine.



The Clerk read as follows:

Substitute amendment offered by Mr. FULTON—

Mr. FULTON. Mr. Chairman, it is not a substitute amendment. It is an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. FULTON to the substitute: Strike out all after the enacting clause and insert—

Mr. FULTON (interrupting the reading of the amendment). Mr. Chairman, may I ask that before the amendment is read, a ruling be made as to the parliamentary situation.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that it is a substitute amendment, an amendment in the third degree.

Mr. McCORMACK. Mr. Chairman, the gentleman from Pennsylvania has asked that a ruling be made on his amendment. To accommodate the gentleman I make the point of order that the amendment offered by the gentleman from Pennsylvania is a substitute amendment and is not in order at this time.

The CHAIRMAN. The point of order is sustained.

Mr. FULTON. Mr. Chairman, I move the amendment as an amendment to the amendment offered by the gentleman from Kansas [Mr. HOPE].

The CHAIRMAN. The gentleman must submit his amendment in writing.

Mr. FULTON. It is there in writing.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

Mr. FULTON. Mr. Chairman, I offer the amendment as an amendment to the Hope substitute.

The Clerk read as follows:

Amendment offered by Mr. FULTON to the Hope substitute: Strike out all after the enacting clause—

Mr. CASE of South Dakota (interrupting the reading of the amendment). Mr. Chairman, I make the point of order that on the face of it it strikes out all of the enacting clause and is a substitute amendment.

The CHAIRMAN. The point of order is sustained.

Mr. NICHOLSON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I do not take the floor very often, but when I see Massachusetts getting robbed again, I just want to stand up and let you know that we know what is going on.

In 1933 we passed a bill here when the country was in pretty tough shape as a result of dust storms and everything else, and appropriated \$950,000,000 of the money of the citizens of the United States. Massachusetts paid its full share, as well as Connecticut, Rhode Island, Delaware, and Maryland. Now, then, you did not use the money and you put it back into the Treasury of the United States Government, where it belongs. The thing to do is to leave it there, or distribute it pro rata to every State in the Union and not pick out 43 States, because we who have tried to get along without any help from anybody do not

want to pay the bill twice. There is only \$50,000,000 left of the \$950,000,000, and you want Massachusetts to pay a part of that \$50,000,000 and pass it back here again so that you can spend it.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. NICHOLSON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I would like to ask the gentleman if he was not here trying to get his share for Massachusetts of that \$10,000,000 that we taxpayers in the rest of the States put into the Waltham Watch Co.

Mr. NICHOLSON. I do not remember that bill coming before the House.

Mr. CRAWFORD. When did the taxpayers put in money for the Waltham Watch Co.?

Mr. NICHOLSON. I yield to the gentleman from New York.

Mr. KEATING. I subscribe to what the gentleman is saying. I call his attention to the fact that in this schedule on page 6, Massachusetts does not get one dime out of this.

Mr. NICHOLSON. I know it.

Mr. KEATING. Whereas, under the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL], Massachusetts, and every other State, will get their fair pro rata share of the \$50,000,000. I hope the gentleman will support the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. NICHOLSON. I followed with a great deal of attention the remarks of both of the brilliant gentlemen from New York who just spoke.

Mr. AUGUST H. ANDRESEN. I think we should have an answer to the question as to when the United States paid money into the Waltham Watch Co. When did they?

Mr. NICHOLSON. I will ask the gentleman from Ohio if he is interested.

Mr. CRAWFORD. I think that is very important. The gentleman from Ohio [Mr. HAYS] has left the impression that the State of Massachusetts received benefits through the Waltham Watch Co. and got some money from the taxpayers. That casts a reflection on Massachusetts.

Mr. NICHOLSON. No. I will tell the gentleman that sometimes these questions are asked facetiously and sometimes they are not. But it does not make any difference to me what kind of questions are asked, except that I want to tell you that we in Massachusetts paid our fair share of that \$950,000,000 when it was distributed, and now, when you have not been able to use it for 10 or 11 years because there is not any emergency and there is not anything that comes up you can spend it for, you want to take part of that \$50,000,000 and use it.

Mr. CANFIELD. How does the gentleman feel about the committee report stating that \$50,000,000 is only a small amount of money?

Mr. NICHOLSON. Well, it is, around here today.

Mr. AUGUST H. ANDRESEN. Fifty million dollars put into the United States

Treasury will be spent in 4 hours, at the rate they are spending money now.

Mr. NICHOLSON. I thank the gentleman for his contribution.

Mr. RIVERS. Is that on butter substitutes?

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. NICHOLSON] has expired.

Mr. CHRISTOPHER. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CHRISTOPHER. I ask unanimous consent to speak for five additional minutes and to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CHRISTOPHER. Well, one could almost laugh at the things that have been said here this afternoon—not just recently, but a short time ago. The learned and distinguished gentleman from Ohio stood here at this microphone, and we boys on the right-hand side of the House sat real quiet, unusually quiet. It was a great entertainment. I enjoyed it. I liked it better than going to a comic opera, because it did have its comic side.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. I yield.

Mr. McCORMACK. Which gentleman from Ohio is the gentleman referring to?

Mr. CHRISTOPHER. Oh, I am referring to that great big gentleman from Ohio, a bigger man than I am physically, and probably every other way also.

Mr. BROWN. He seemed to be all hot and bothered about that hundred-dollar-a-plate Jefferson-Jackson Day dinner that was held here in Washington. He did not see why we did it. He did not like the way we did it. There were a lot of things about it that did not meet with his approval. I want to tell him, and everybody else—I am sorry he is not here—just why we did that. You know, that was a celebration, boys; that is what we were doing; we were celebrating. I sought this 10 minutes to tell the Members of this House some of the things we were celebrating at that Jefferson-Jackson dinner.

The southern boys were celebrating the fact that they were not taking 6 cents a pound for their cotton, and that is really something to celebrate. Every southern man that was there had a perfect right to be there, and plenty reason to celebrate.

Now, we were celebrating the fact that the boys out in Iowa were not having to sell their corn for 12 cents a bushel. All of us fellows in the central region celebrating the fact that we were not taking 3 cents a pound for our hogs, and 6 cents a dozen for our eggs, and 35 cents a bushel for our wheat.

Maybe it was a Belshazzar carnival, but when you consider the things we were celebrating, it was justified.



Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. What about the saving of farms and homes, too?

Mr. CHRISTOPHER. Certainly. We were celebrating the saving of farms and homes. We were celebrating the fact during the past 12 years 9,976 banks had not failed in the United States without any deposit insurance. That was something else we were celebrating.

Mr. DINGELL. And not losing our homes to the sheriff.

Mr. CHRISTOPHER. Yes; we were not losing our farms at the front doors of courthouses.

We were celebrating the fact that we did not have 12,000,000 unemployed in the United States today but that we did have over 55,000,000 people at work at the best wages they have ever been paid in the history of these United States. That is what we were celebrating over there. Our celebration was justified. There is not a soup kitchen in the United States.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. Nobody asked the gentleman from Ohio [Mr. BROWN] to yield. I refuse to yield; I decline to yield because we did not interrupt the gentleman from Ohio [Mr. BROWN] for the whole 23 minutes that he spoke.

Mr. FULTON. Would not the gentleman yield for a question?

The CHAIRMAN. The gentleman from Missouri declines to yield.

Mr. CHRISTOPHER. We must remember that we have not got a soup kitchen or bread line in the United States—not one. The old folks in the United States that have spent almost a lifetime in the fields, feed lot, office, factory, or kitchen do not have to go to the poorhouse now to spend their declining days. We have old-age assistance and social security. We were celebrating that, among other things.

We were celebrating the 75-cent minimum wage that I helped pass in this House last year, and I am proud of my action. That ended sweatshops.

We were celebrating the fact that we have REA in this country that has taken electricity to the farms and let the farm woman throw away her coal oil lamp, and have electric light and refrigeration. Why, I venture to say that even up in northern New York, where the gentleman from that State says they are so poor, they have electric lights.

We were celebrating the fact that we have a soil conservation program in the United States, that is helping save the top soil of this land.

What Republican administration since Abe Lincoln has helped an old farmer buy a truckload of lime to spread on his hardpan points so he would get a little more fertility into his soil? What Republican administration ever helped a farmer terrace a field?

We were celebrating the fact that we have price supports in the United States that do not allow agricultural products to sink to the prices that we have just named.

Another thing we were celebrating is the fact that our national income is \$250,000,000,000 instead of the \$40,000,000,000 to which it had sunk when the Republican party had had us for 12 long, weary, bitter, inactive years. That is another thing we were celebrating. We were also celebrating the fact that ex-GI's had never come to Washington, D. C., hungry, cold, jobless, and in rags and been chased out of the Capital of the Nation that they had fought to defend by the orders of a Democratic Administration.

We were also celebrating the fact that GI's were no longer standing on street corners all over the United States selling apples and pencils in a vain endeavor to keep body and soul together.

The last fact that we were celebrating was the fact that every New Deal measure that has been passed in the United States since Franklin Delano Roosevelt was elected President is in force, and there is not a Republican in this House who would introduce a bill to repeal one of them. That is another thing we were celebrating.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from South Dakota is not a lawyer and he will yield to any good lawyer in the House when a legal question is involved. But it is difficult for me to read the very direct language of some of the factual material that appears in the hearings in connection with this matter in 1948 without concluding that it would be impossible for the Congress to adopt the amendment offered by the gentleman from New York and ever expect it to stand up in the courts.

I have here the hearings in which one of the exhibits is a letter from the Comptroller General of the United States written on July 31, 1935, and signed by J. R. McCarl, Comptroller General, replying to an inquiry that was posed by the State of Georgia. I wish you would follow the language very closely, because if this is true it certainly bears upon what we can do here this afternoon. I think there is no question about Mr. McCarl's ability to speak:

With respect to the corporation funds and properties transferred to the Resettlement Administration, as proposed, such funds and the proceeds of the properties will not be required to be covered into the Treasury as miscellaneous receipts but will be for depositing and covering into the Treasury as a trust fund, available for expenditure by the Resettlement Administration for rural rehabilitation pursuant to the conditions of the transfer, and to be accounted for accordingly.

In other words, Mr. McCarl said if this money is transferred back to the United States, to the Resettlement Administration, it will not go into miscellaneous receipts but will be available only pursuant to the conditions of the transfer.

What were the conditions of the transfer? I have here the testimony where the Chief Justice of the State of North Dakota—that is not my State—brought out that when McCarl made his ruling it required the State of North Dakota through its legislature to pass an act of

the State legislature before the money could be retransferred back to the Resettlement Administration. This was part of a law as passed in North Dakota:

And provided further, That if at any time the Federal Government shall cease to carry on the rural rehabilitation program in the State of North Dakota, the remainder of any assets transferred by the corporation to the United States of America together with the proceeds of any assets or property so transferred, shall be returned to the said corporation if it be then in existence, or, in the event the corporation shall have been dissolved in accordance with law, then such assets or property shall be turned over to the State of North Dakota for such disposition as the members of the corporation may have directed prior to the dissolution of the corporation.

In other words, Mr. McCarl first said that if this retransfer is made from the State to the Resettlement Administration it must be under the conditions governing that transfer, in the case of North Dakota, and said that you cannot transfer it back without an act of the legislature. The conditions of that act will govern. In that act they said if the Resettlement Administration fails to function the assets return to the corporation of North Dakota and if the corporation is dissolved, the assets must be turned over to the State of North Dakota.

Further along the same line, in the agreement with the North Carolina Rural Rehabilitation Corporation, section 4, signed by the State of North Carolina Rural Rehabilitation Corporation and by the Secretary of Agriculture for the Federal Government provided:

SEC. 4. Upon the termination of this agreement in any of the manners hereinabove set forth, the property remaining of that transferred, together with the remaining proceeds, shall, after the liquidation of any claims then existing against such assets, be retransferred to the corporation if the same be in existence, or, if the corporation be not in existence, then to the general fund of the State treasury of North Carolina.

In the face of that how would the Congress here today have any power to say that we could take this money and put it into the Treasury and make it available for general distribution? The Comptroller General said that if it goes to the Federal Government as a trust it must be handled under the terms of the trust and by the terms of the trust it is provided that when the trust expires it goes back to the State Treasury of North Carolina.

(Mr. MARSHALL asked and was given permission to revise and extend his remarks.)

Mr. MARSHALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from South Dakota who preceded me made a very good point, and it is a point that some of the Members, I think, who are thinking in terms of taking back this money and distributing it, ought to pay a good deal of attention to.

I am supporting the Hope amendment. I think the Hope amendment provides a solution to this problem and the one that we want. My State has the largest rural rehabilitation corporation trust fund in the United States. I know very well what went through the minds of the



people when the people of that State entered into a trust agreement, and it was this: Before there was a trust agreement, each of these 43 States, or these States that had these funds, had programs which were not being administered in any sort of uniform fashion. The Federal Government set up an organization, the Farm Security Administration, which administered a program which was closely coordinated with the programs of these corporations. That meant that we had a duplicating agency; it meant that we were going through the ridiculous point of having some people in a State administer a program similar to a Federal program which was being administered, sitting down side by side, with a separate bookkeeping system, with separate pay, if you please. And, we created at that time a lot of duplication and a duplication of agencies. That was the reason that the Secretary of Agriculture and the States entered into these trust agreements.

The people in my State are heartily in favor of the work that is being done by the Farmers Home Administration. I doubt if there is any State where these funds exist, where there is any conflict in connection with the fact that the work that is being done by the Farmers Home Administration is not being done in accordance with the wishes of the people of that State. I think that is true of the people of Wisconsin as well.

• Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield to the gentleman from North Carolina.

Mr. COOLEY. Why is it that the gentleman objects to the fund, which belongs to the corporation in his State, being administered by the directors of that corporation in accordance with the provisions of this bill? Why does he dislike the idea of letting the local people in Minnesota administer this fund?

Mr. MARSHALL. I do not object to local people in Minnesota administering this fund.

Mr. COOLEY. The Hope amendment would have it administered from Washington.

Mr. MARSHALL. The Hope amendment proposes that the Farmers Home Administration will continue that fund as they are now administering it without going through a lot of fuss and furor and detail. I would like to say to the gentleman from North Carolina, I am sure that he fully realizes that all of these corporation trust funds are not entered with the same language. There is considerable difference. The State of Iowa, for example, has a time limit.

Mr. COOLEY. I know, but the point here involved is that under the committee bill and under an amendment which will be offered by the gentleman from Mississippi [Mr. ABERNETHY], the Minnesota corporation can execute a trust agreement and turn this money back to the Farmers Home Administration if it wants to.

Mr. MARSHALL. The gentleman from North Carolina is making a good point, but it does mean that in the State of Minnesota, in order to do what the gentleman says, it would be necessary, very likely—and I am not an attorney;

I do not know what the attorney general of the State of Minnesota would rule—but I believe that it would be necessary to reorganize a corporation for the purpose of doing this. I am trying to short cut that, Mr. Chairman, in making it possible for the program to continue just as it is, as provided by the Hope amendment, which would save all this fuss and furor and confusion.

Mr. COOLEY. If the Legislature of Minnesota does not reactivate the old corporation, or create a new corporation, and that corporation fails to file an application for the return of that money, then it will go right back, under our bill, to the revolving fund to be administered by the Farmers Home Administration.

Mr. MARSHALL. In the meantime, during the time this program is in a position of flux, is trying to determine what will be done with this reorganization, those funds, the assets of approximately \$4,000,000, three and three-fourths million, to be exact, will be frozen so that no use can be made of them.

Mr. COOLEY. No, they are not frozen now. They are being used at the present time. The funds are now being used, are they not?

Mr. MARSHALL. The funds are now being used. The provision of your bill as presented would mean that after this bill becomes law, until that determination is made, the only ones that could use that would be the present, existing borrowers of the corporation, in order to protect the assets of the corporation, frankly. You could not go out and make a loan.

Mr. COOLEY. They are not making long-term loans, they are trying to keep the fund liquid so that they can comply with such mandate as might be given to them by Congress.

Mr. MARSHALL. I cannot see from my standpoint where the gentleman's objection might be to the bill which was proposed by the gentleman from Kansas.

Mr. COOLEY. I object to it because it is an outright, willful, deliberate breach of faith with the legal document executed in good faith by the people of my State.

Mr. MARSHALL. I do not agree with that.

Mr. KEEFE. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I have heard the statement made that they are seeking an amendment to the committee bill in order to avoid confusion and hocus-pocus, and so on. It is my humble opinion that unless legislation is passed that is compatible with the legal requirements of the trust agreements that have been entered into between the States and the Department of Agriculture you will precipitate a host of expensive lawsuits that will create more hocus-pocus than has been contemplated by the distinguished gentleman from Minnesota.

Let us get certain basic facts clearly established. Everyone seems to agree now that the source of these funds was the original relief appropriations made in 1933 and following in 1935. They were appropriations made by this Congress. In the administration of those funds in most of these States corporations were set up to administer the funds granted

by the Federal Government for rural rehabilitation.

I make the statement without fear of contradiction as a matter of fact and as a matter of law that whenever the Federal Government made those grants to the States and that money found itself in the State treasury, at that moment those funds became State funds and lost their identity as Federal funds.

Why do I say that? I happen to serve on the Committee on Appropriations that for years has had charge of making appropriations for a vast number of Federal grants-in-aid, unemployment compensation administration running up to \$150,000,000 or \$160,000,000 a year, vocational rehabilitation, vocational education, and a most of other aids. Once those grants are made and the money is allotted and placed into the State treasury it becomes the money of that State.

The only check we have, despite the fact that we audit their accounts, is to say to the State, if we find they are not disbursing the funds properly, "We will not give you any more money." They do not attempt to collect back the money already granted because they know they cannot. They only have the club to say, "We will not give you any more money under this program, unless you conform to such-and-such standards." That is in recognition of the basic fundamental fact that those funds as these funds, once they passed from the Federal Treasury, lost their Federal identity and became State money. That was recognized by the Government when these trust-fund agreements were entered into. The Federal Government, acting through the Department of Agriculture head, entered into these trust agreements. That money has been administered during the past 12 years pursuant to the terms of the trust agreements. If you propose to say to my State, which has such a trust agreement, "We are going to violate that agreement and it no longer means anything. We are going to take that money and do with it as we please, and turn it over to the State of New York, or some other State," you will find yourselves faced immediately with a lawsuit.

In my humble opinion you will be licked to a frazzle, because no one in good conscience, or in law, can say that the Congress can violate the terms of such a trust agreement.

With respect to the contention made by my friend, the gentleman from New York, I do not know what the facts are; the gentlemen have talked a great deal on this bill and I suggest that the talk would be more effective if they were able to answer the simple question: In the allocation of these original funds of the \$950,000,000 and the \$500,000,000, how much did the State of New York get?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. How much money did the State of New York get at that time,



and what did the State of New York do with its money? Did they use it for agricultural relief and rehabilitation, or did they spend the money for rehabilitation and relief in their cities? We are not favored with the facts with respect to that, but I assume when those funds were allocated to the various States, the State of New York received its money in the proper proportion under the formula which was used for the distribution of the funds, and they spent their money. They spent their money as they saw fit. They disbursed it as they saw fit. The gentlemen from New York are now here asking that my State and your State, which conservatively managed these grants for the purposes for which they were made for rural rehabilitation shall now be penalized and that the money shall be taken away from them and turn part of it over to the State of New York because the State of New York, as I understand, has spent this money and does not have any money in this trust fund, or at least only a small amount is available for turning back to the State of New York.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. KEATING. I can well understand the gentleman's fervor in arguing for the State of Wisconsin when Wisconsin gets \$1,500,000 out of this fund, instead of \$90,000, which New York State gets.

Mr. KEEFE. Mr. Chairman, I do not yield further, because that argument is absolutely unconvincing, and it is beneath the dignity of the distinguished gentleman from New York to make such a statement.

Mr. KEATING. Mr. Chairman, will the gentleman yield further so that I may finish my statement?

Mr. KEEFE. The State of Wisconsin is not getting that money out of the Federal Treasury. The State of Wisconsin is merely receiving back from the Federal Government the money and property which it turned over to the Federal Government pursuant to the trust agreement entered into between the Rural Rehabilitation Corporation and the State of Wisconsin and the Secretary of Agriculture, representing the Federal Government.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. KEATING. Has the gentleman considered, in making the statement that these sums belong to the State of Wisconsin and the other States, rather than to the Federal Treasury, the argument made by the Solicitor of the Department of Agriculture to the effect that the grant statute which was passed was based on an emergency condition found to exist by the Congress, which no longer exists?

Mr. KEEFE. Yes; I understand that. I am thoroughly familiar with that situation. I may say that, although I found myself in disagreement with the distinguished gentleman from New York, who is a great lawyer, I find myself in complete and absolute disagreement as a lawyer with the Solicitor of the Department of Agriculture. Does that

answer the gentleman? I do not believe the Solicitor knows what the law is when he wrote that opinion. I have seen the opinion. I am in complete disagreement with it as a Member of Congress, and I am in complete disagreement with it as a lawyer. It seems to me that any lawyer who holds a diploma from any school, without any experience in the law, would find difficulty in reaching the conclusion that has been reached by the Solicitor for the Department of Agriculture in this matter.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. YATES. I recognize the cogency of the gentleman's argument. What need is there for this legislation if, as the gentleman says, the trust agreements are in existence and we are bound, both in fact and in law, by them? Why consider this bill?

Mr. KEEFE. Because it expedites the situation in which there are varying degrees of responsibility arising out of these various and sundry trust funds in the 43 States that have them.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. ABERNETHY. And further because Federal officials have the money and will not turn it loose.

Mr. KEEFE. I imagine perhaps that is the situation, and they will force the States to go into court and precipitate expensive and long-time litigation to force the Federal Government to do a thing which is provided in the very trust agreements by which the Department of Agriculture got hold of these funds.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. EDWIN ARTHUR HALL. Does the gentleman feel that according to the amounts listed in this report, \$91,000, is fair to the State of New York?

Mr. KEEFE. Well, I cannot answer the gentleman. If he does not have the capacity to understand the argument I have just made, any further explanation would be impossible.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. SUTTON. If the gentleman from New York will go back to the history of this legislation in 1932, 1933, 1934, and 1935, when this relief money came about, he will find that the State of New York received more than 13 Southern States combined.

Mr. EDWIN ARTHUR HALL. The gentleman is not well informed on that, because we never received a dime.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. KEEFE] has expired.

Mr. POAGE. Mr. Chairman, I move to strike out the last six words.

Mr. Chairman, should we adopt the amendments proposed to this bill this afternoon we might just as well bid good-by to our social-security program, to our Railroad Retirement Act, and to all these programs of government which are dependent upon the faith of the United States Government to keep its

solemn promises, and to return trust funds in keeping with the terms of the trust agreements. The United States Government now has hundreds of millions of dollars in trust funds for various purposes. Should we break faith in this case, there is no reason why we should not break faith in every other trust fund. No trust fund that I know of now in the United States Treasury is more clearly defined than are these 43 trust funds set up by agreements with the respective States. We cannot be guilty of ignoring the obligation of our Government in this case and then claim that we cannot ignore the trust agreement under which trust funds have been established to pay social-security benefits, to pay railroad-retirement benefits, and to pay all of these other obligations in which the Government has taken money either directly from the taxpayers or from other groups.

In this case the United States Government took the money from 43 States, and the United States Government did not say, "We will keep control of these funds and property so long as the Congress or the Federal Government thinks that it is for the best interest of the States." It said, "In the case of North Carolina we will administer this matter for 12 years. At the end of that time we will return these funds to you and we will let you, the owners of this fund, make decision as to how they shall be used." In the case of the other States the agreement said, "In the event the authority of the Secretary of Agriculture or his successor shall cease, this agreement shall be forthwith terminated and the property" shall be "retransferred to the corporation" or such other agency as the State may designate.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I am sorry. I have only a short time. I want to point out that the authority of the Secretary mentioned has ceased. It ceased by act of this Congress. The contracts of all of the States have terminated.

If we are to keep faith we have got to return this money, whether it is a good thing or a bad thing. The question of whether the United States Government made a good trade is not involved. The question of whether the United States should have given this money to the States on the terms that it did is not involved; that has been done; the decision has been made. The United States Government pledged its word and the United States Government signed a contract and said, "We will return this money." Now, are we simply Indian givers? Are we simply speaking with forked tongues? Out of one side of our mouth are we saying, "Yes; we will return the money," and out of the other side are we saying, "Well, we know better than you do and we are going to decide for the States as to just how is the best way of running this affair"? I am not taking issue with the gentleman from Minnesota as to whether it is best for the Federal Government or for the States to run it, but I am saying that every State that has got money here has a solemn contract with the United States



that it and it alone shall have the right to make this decision. If the State does not want to make any but wants the Federal Government to continue to run it, all it has to do is to do nothing and the Federal Government will continue to run it.

This bill is actually a statute of limitations. It provides that the right of the States to get the money back, as provided in the contracts between the Federal Government and the States shall end in 3 years. The courts have held that we have a right to establish limitation provisions in enforcing contractual obligations. I believe that on that basis and that alone we can sustain even the Cooley bill, because the Cooley bill limits the rights of the States. The States have greater rights under their contracts than they have under the Cooley bill. The Cooley bill provides that they must apply within 3 years, the contracts leave it wide open.

All we are asking you to do here this afternoon is to put a statute of limitations upon the right of the States to come in and reclaim their property; that is all we are asking you to do, to give the Federal Government the advantage of this thing, to say that after 3 years the States cannot be heard to come in; whereas today they can come in for an unlimited period.

We hope you will not pass something like the Hope bill that repudiates the obligations of our Government and says that the solemn signature of the United States is worth nothing more than a scrap of paper.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(Mr. HAYS of Ohio asked and was given permission to revise and extend the remarks he made earlier in the day.)

Mr. TALLE. Mr. Chairman, I rise in opposition to the pro forma amendment in order to ask a question of the ranking Republican member of the committee.

I may say that I listened to the reading of the amendment which was offered as a substitute by the gentleman from Kansas, and I listened to his comments on it. Earlier today I spoke on what I proposed to offer as a substitute for the committee bill; and I have come to the conclusion that there is no material difference between the Hope amendment and the Talle amendment. Am I right?

Mr. HOPE. I think there is no material difference. I think the gentleman is correct. I want to qualify that by saying that I have not read his amendment recently and that my attention was diverted during part of the time that we were discussing it, so I do not know as to all the details; but substantially I think the purpose and in general the language of the two provisions is quite similar.

Mr. TALLE. That being the situation I wish to state that I shall not offer my amendment, but will support wholeheartedly the amendment offered by the gentleman from Kansas.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, two amendments, one offered by the gentleman from Kansas [Mr. HOPE] and another offered by the gentleman from New York [Mr. EDWIN

ARTHUR HALL] are now before the committee.

I certainly do not want to be unkind, neither do I want to be critical, but it does seem to me that the gentleman from New York [Mr. HALL], a member of the House Committee on Agriculture, would have evidenced his interest in the matter now under consideration in the committee room where he is always accorded every right and privilege. Why did he not present his proposition to the committee? As a member of that committee, he has rights which are always respected, but instead of presenting his views to the committee, he waits until the committee has reported the bill and has presented it to the House for consideration. It does appear that in fairness to his colleagues on the committee he would have given us the benefit of his views in committee rather than to wait until we reached the floor of the House.

The gentleman from New York [Mr. HALL] complains that the farmers of his district, of up-State New York, are woefully neglected and are in great distress. I am certainly not aware of the fact that the farmers of the gentleman's district are neglected; neither am I aware of the fact that they are in distress. The gentleman from New York [Mr. HALL] says that he is fighting with his "back to the wall." The place for him to fight for the farmers of his district is first in the committee room, 1310 in the New House Office Building. Unfortunately, the gentleman was not present during the consideration of the bill; neither was he present when final action was taken.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the distinguished gentleman from Tennessee.

Mr. SUTTON. The gentleman stated that the gentleman from New York was not at our committee meetings. He was there at one time on the oleo bill.

Mr. COOLEY. I am quite certain that the gentleman is correct. Had the gentleman from New York been present he would have had an opportunity to vote on the Hope amendment which was offered by the able and distinguished gentleman from Kansas. The gentleman from Kansas [Mr. HOPE] former chairman of the House Committee on Agriculture, in good faith, offered his amendment. The amendment was carefully considered but it was not adopted.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. EDWIN ARTHUR HALL. I know that the gentleman wants to be fair and kind about this.

Mr. COOLEY. I certainly do. I shall be fair and I shall try to be very kind.

Mr. EDWIN ARTHUR HALL. I deliberated some time over this particular amendment through the hours of the session here today.

Mr. COOLEY. If it just occurred to the gentleman today, of course, that puts an entirely different light upon it.

Mr. EDWIN ARTHUR HALL. I conferred with several of my colleagues from New York. I am sure that the gentleman does not want to inject a personal

vein into this debate because, after all, there is a skeleton in every closet.

Mr. COOLEY. If the people of the gentleman's district have been suffering for so long, it does seem to me that his interest might have been aroused earlier. But, after all, this is not a bill for the relief of the people of the gentleman's district. The question has been asked, "How much is New York going to get out of this?" The answer is, "New York is going to get out of this just what New York put into this trust fund." The gentleman from Wisconsin has just tried to make that perfectly clear and plain to the gentleman from New York, but apparently there is still a lack of understanding.

Mr. Chairman, I want to get back to the Hope amendment. The amendment does not keep faith with these legal documents. It is just as much a breach of faith as the original Hope amendment was. It takes away the rights of the corporation. It puts the money in the Treasury, in a revolving fund, and turns it over to an administrator downtown to administer. It says in effect, and this is just a little sop that was put in there in an effort to appeal, I think to me, and to one or two other Members of the House, that North Carolina retained \$300,000 and North Carolina gave up \$800,000. The Hope proposal says, "We are going to be kind to the North Carolina corporation and let them keep \$300,000 if they will in turn let us keep the \$800,000."

That is an insult to our intelligence. We know that we have the \$300,000. We know that the Federal Government cannot take it away from us by act of Congress or otherwise.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

The was no objection.

Mr. COOLEY. Mr. Chairman, coming back to the Hope amendment, let us settle this issue right. Our position is either morally right, or it is evil, wicked, and morally wrong. It is either legally right or legally unsound. Frankly, it is difficult for me to understand how either a layman or a lawyer could read one of these contracts and still be willing to repudiate them and embrace and approve the very weak and absurd opinion of the lawyer in the Solicitor's office who has made such a desperate and feeble effort to support the views which he has expressed.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. I want to ask this question for the record. I asked it in the committee and got a satisfactory answer, but I want to ask it for the record today. The gentleman is familiar with the situation in New Mexico where, by the use of these funds certain lands, aggregating close to 200,000 acres, were re-



purchased for certain local communities which once owned them and had during the years lost these lands, which they used to use in common, and they were repurchased because that was their base for their economy, and would help put them on their feet, because of their plight at that time. Under the gentleman's bill, those lands would not be forced to be placed on the auction block.

Mr. COOLEY. The gentleman is asking the same question he asked the gentleman from Kansas [Mr. HOPE] I take it.

Mr. FERNANDEZ. That is correct.

Mr. COOLEY. Under the committee bill those lands and properties and moneys belonging to that corporation will be given back to the corporation, and you can operate it locally and direct it with people in New Mexico in charge of it. The only requirement is—and I think this is being superimposed on the written terms of these agreements and the law itself—that the Secretary of Agriculture has supervision and has to agree to the program which will be operated by the corporation. I think that the gentleman, if he wants to take care of his people, should stand by the committee bill and give the property back to the corporation.

I ask for the defeat, Mr. Chairman, of both of these amendments.

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been a considerable amount of discussion of some of the legal issues that are involved in this litigation. I do not pretend to be an authority on those questions. It has been a long time since I practiced law. But, I do think that we can well rely upon the opinion of the able Associate Solicitor of the Department of Agriculture who has given a great deal of study to this question, who has thoroughly briefed the matter, and who has reached the conclusion, which I think is justified after reading the authorities which he has cited, that there is no legal question involved here which would preclude either legally or morally the action which is contemplated by my amendment or the amendment offered by the gentleman from New York?

I want to read from a part of an opinion given the committee by the Associate Solicitor, Mr. Rooney, and I quote:

On the basis of the foregoing facts it is our position that the fundamental legal question to be determined by the committee is the extent of the authority of the Congress over the residue of funds granted to a state for a particular purpose when that purpose can no longer be effectuated.

I think that is a fair statement of the situation, because it must be admitted by everyone, I think, that the conditions which existed when these grants were made and which were expected to be alleviated by the use of the funds, do not now exist. In fact they have long since ceased to exist. In support of that position these cases are cited by Mr. Rooney:

Our answer to the question is that in such a case the authorities clearly uphold the right of Congress to revest the funds in the Federal Government and to order any disposition thereof consonant with the plenary power of Congress over the property of the

United States. Thus in *Ashburner v. California* (103 U. S. 575), in construing the act of June 30, 1864 (13 Stat. 325), in which the United States granted the Yosemite Valley to the State of California to be held for public use, resort, and recreation (but without a reverter clause) the Court said:

"It [the land] must be kept for the use to which it was by the terms of the grant appropriated. If it should be in any respect diverted from this use, the United States may be called on to determine whether proceedings may be instituted in some appropriate form to enforce the performance of the conditions contained in the act of Congress to vacate the grant. So long as the State keeps the property it must abide by the stipulation upon which the transfer of title was made."

And directly in point is the later case of *United States v. Michigan* (190 U. S. 379). In that case Congress had granted to the State of Michigan 750,000 acres of public land for the purpose of aiding the State in constructing and maintaining the St. Mary's River Canal. The act contained no reverter clause except with respect to failure to begin or complete the canal within the specified time, a condition which was complied with by the State and not involved in the case. The act provided for rendering an accounting to the Government of the proceeds of the sale of the land and the cost of building and operating the canal. There was no express provision, however, requiring any surplus to be paid over to the United States. The action was instituted on behalf of the United States by Attorney General Knox to recover a surplus of about \$68,000. The case was decided in the favor of the United States, and in the opinion at page 400 the Court said:

"If there were funds arising from the sale of the lands over and above the cost of construction and other expenses of the canal, it could not within reason (after a perusal of these two statutes, with the provisions for accounting for sales and net proceeds of lands, and the other provisions of the statutes already mentioned) be supposed the parties understood that Michigan was to have for its own treasury the balance arising beyond such cost, maintenance, etc., of the canal."

I could go on and read a large number of other cases bearing out the contention of the Department's Solicitor on this point. I am not going to do it now but I am putting them in the RECORD. I am sure anyone who wants to justify his support of either of the two pending amendments can do so from the brief that will be found in the RECORD tomorrow.

Mr. GRANGER. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. GRANGER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kansas [Mr. HOPE]. We have heard a lot of discussion by the lawyers as to the legal status of this trust fund. Apparently both sides seem to be convinced of their own position. Not being a lawyer, I incline usually to listen to people who should be interested in the welfare of the Government, and I am inclined to listen to the Assistant Solicitor of the Department of Agriculture.

I am not in a position to argue the legal point here. The gentleman from North Carolina may be entirely right. But it seems to me the sensible position is the position taken by the gentleman from Kansas. We had an example just

a moment ago of what would happen under the Cooley bill from the statement made by the distinguished gentleman from Iowa [Mr. HOEVEN]. He said, and I assume they have no corporation in the State of Iowa, that if this money were allowed to remain in the State, they would administer it through an agency of public welfare. Certainly that is not a purpose for which this money was allocated, in the first place. It was allocated for farm rehabilitation. It seems to me the Hope amendment is a fair compromise. It is not going to take anything away from anyone. It would treat all the States fairly in that the Farmers Home Administration would administer it for the very purposes it is administering it today. That would be the logical way to administer this fund.

It is true there was great pressure from the State of North Carolina to have these funds recovered to the State. As a matter of fact, I do not know of any other State in the Union which asked to have this money returned to them except the gentleman's State.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. COOLEY. The gentleman from Utah has certainly not looked at the record. He is entirely wrong. We have memorials from the general assemblies of several States, according to my recollection, and did we not have the attorney general of North Carolina, who came to Washington to testify?

Mr. GRANGER. I will take the gentleman's word for it, but the only testimony I remember before the committee was the testimony of the attorney general of the State of North Carolina as the gentleman has just stated.

Mr. COOLEY. Mr. Chairman, will the gentleman yield further, for a question?

Mr. GRANGER. I yield.

Mr. COOLEY. Does the gentleman think the directors of his Utah Corp. would have turned this money over to Mr. Wallace in trust if they had known then that they would never get it back without going through all this trouble?

Mr. GRANGER. I think when this money was allocated, it was allocated for a specific purpose, namely, for rehabilitation. I am convinced that that time has passed, and that is not an issue now.

Mr. COOLEY. All right. Then if the gentleman's State does not need the money, they do not have to ask for the return of the money. If you do not have a distressing situation in your State, let it go back to the Treasury, but do not let it go back under the Hope amendment.

Mr. GRANGER. I would sooner have it go back that way as far as I am concerned.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. MARSHALL. I wish to call the attention of the gentleman to the fact that these funds now are being administered by the Farmers Home Administration in accordance with the trust agreement which the local people entered into.

Mr. GRANGER. That is true, and one of these organizations is now in ex-



istence in every State in the Union. If it is not done, it will mean setting up a duplicate corporation to administer the funds.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. HOEVEN. I understood the gentleman from Utah to quote me as saying that if this money went back to the State of Iowa, it would be used for public welfare. I said no such thing. I said that money, if returned to the State of Iowa, would go to the State department of social welfare, which is a legally constituted agency of the State of Iowa, which is designated by an act of the legislature to handle these funds.

Mr. GRANGER. If I misquoted the gentleman, I will accept his correction.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUTTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am taking this time to explain what happened in the committee.

The distinguished chairman of our committee, the gentleman from North Carolina [Mr. COOLEY] introduced his bill. It was brought to the attention of the Committee on Agriculture. After hearings had been held we went into executive session, and the Hope amendment was offered as a substitute. Considerable debate was carried on in the committee over the two bills. The Hope amendment was defeated in the Committee on Agriculture by a vote of 17 to 3.

Mr. GRANGER. Mr. Chairman, will the gentleman yield.

Mr. SUTTON. I yield.

Mr. GRANGER. That is not the fact.

Mr. SUTTON. According to the minutes of the Committee on Agriculture, it is a fact. June 16, 1949. I do not yield any further. I am quoting from the minutes of the committee.

Mr. GRANGER. The Hope amendment was not this amendment at all.

Mr. SUTTON. Then it was asked by the Chairman of the committee if they wanted a roll call on the Cooley bill. There was no request for a roll call, so it was voted out by a voice vote.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. HOPE. The gentleman referred to the Hope amendment. I am not sure whether he identified that or not, but the Hope amendment offered today is not the Hope amendment that was offered in the committee.

Mr. SUTTON. It is substantially the same.

Mr. HOPE. No. The Hope amendment offered in the committee is substantially covered by the amendment offered by Mr. HALL of New York. The amendment which I offered today was never considered by the committee.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. COOLEY. I think the gentleman from Kansas is correct. His first amend-

ment would put the money into the Treasury of the United States. This amendment places it in a revolving fund to be utilized by the FHA.

Mr. HOPE. That is true.

Mr. SUTTON. Much has been said about whether this is State funds. I would like to clarify that by testimony found on page 31 of the hearings, when the gentleman from Georgia [Mr. PACE] asked the question:

You say the Comptroller General has ruled that these are State funds?

Mr. WEATHERS. Yes. Ruling 56786.

If the Comptroller General has held that they are State funds, then it is a breach of contract and an annulment of the agreement with those States if we take it away from them now. Since someone in the Solicitor's office in the Department of Agriculture has tried to overrule the Comptroller General, it is necessary that legislation be passed to clarify the matter.

Not long ago there was a bill before this House dealing with an agreement with Switzerland. We passed that bill, giving them not only what was in the agreement, but interest thereon. Every time we consider appropriations for foreign countries, as a matter of fact, we always give them the full amount, plus interest, but when we have an agreement between the States and ourselves, we want to cast the States aside. It is time we think about our own people here at home and give back to the States what rightfully belongs to them.

It is true that New York has used up most of their allocation, with due deference to our good friend, but just because New York has used theirs is no reason why Massachusetts or Rhode Island or some of the other States that have not used their share should turn it back to the Treasury to be reallocated to other States on an equal basis, because they have already used their allocation on an equitable basis.

I hope that the Hope amendment and the Hall amendment are both defeated, and that the Cooley bill is passed.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. SUTTON] has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to speak for 1 minute, and to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, tomorrow has been set aside by the Committee on Ways and Means to afford the Members of the House an opportunity to appear before the committee and express their views on the subject of taxation, a subject on which our committee has been holding public hearings for some time. We will perhaps close the public hearings tomorrow, and it will be the last opportunity that Members of the House will have. I suggest any Member desiring to appear before the committee should communicate with the clerk of the committee either this afternoon or tomorrow morning so that their names can be placed on the calendar.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. DOUGHTON] has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the two pending amendments close in 15 minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I have an amendment to offer after the pending amendments are disposed of.

Mr. COOLEY. I should think we could dispose of it together with the rest of the debate on the bill in an hour's time.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that debate on the pending amendments close in 15 minutes. Is there objection?

Mr. FERNANDEZ. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I amend my request and ask unanimous consent that all debate on these two amendments close in 20 minutes.

Mr. HALLECK. Mr. Chairman, reserving the right to object, I may say to the gentleman from North Carolina that a matter was spoken of earlier in the day in respect to which I should like to clarify the RECORD and which would require that I speak out of order. It is not a political matter.

Mr. COOLEY. I certainly should have no objection.

Mr. HALLECK. And I should like to get my time now if I could.

Mr. COOLEY. I see no reason why the gentleman could not.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that all debate on the two pending amendments close in 20 minutes. Is there objection?

There was no objection.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word and ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. The gentleman from Indiana is recognized.

Mr. HALLECK. Mr. Chairman, earlier in the day the gentleman from California made reference to the National Association of Small Businessmen which is presently meeting in Washington. That organization does not need me to plead their cause or their defense. I know many of the individuals who belong to the organization; undoubtedly, many of you have had some of those men calling on you at your offices. There were a couple of statements, however, that I think should be clarified. In the first place, the gentleman from California [Mr. HOLIFIELD] said:

The organization is chiefly financed by million- and billion-dollar corporations, as proven by the report of the House Committee on Small Business.

I am the ranking Republican member of the House Committee on Small Business. A report was issued entitled "Small Business Organizations," to which the minority did not subscribe. That report,



however, which I assume is the report referred to by the gentleman from California, specifically stated:

We do not propose to show that the big business money contributed to the foundation flows to the association.

In other words, the report clearly recognized that there was no evidence to establish that any of the money that might have been contributed by corporations large or small, to the Small Business Foundation had flowed into the coffers of the National Small Businessmen's Association. As I say, the minority members did not concur in that report for reasons which were stated, and some of them we did not go into. But, of course, there is this innuendo in the report in these words:

It is quite possible, of course, that many of the large corporations which contribute to the foundation also contribute to the association.

Clearly it is recognized, however, that no proof of that was established. It therefore seems clear to me that we owe it to these people to have that understood by the membership.

Also in his remarks the gentleman referred to this organization as being anti-labor. If his deduction from the majority report in that matter be correct, then the report, if you ever care to look it up, at page 42 and other pages, would clearly and unequivocally imply as against the National Small Businessmen's organization that there is something improper in an organization's pointing out the dangers of communism, or calling for a reduction in Federal taxes and spending, or for approving the work of the Committee on Un-American Activities, or being in favor of free enterprise, or advocating changes in the Wagner Labor Relations Act, or approving the Taft-Hartley Act, or praising business for aid extended by it in the Texas City disaster or being opposed to class legislation or even being in favor of keeping America out of war.

Now, whether the association wants to stand for things like that or not, that is their right. I think I owe it to the association and to my integrity as a member of the Small Business Committee to point out that that is the situation which exists and if the report can be made the basis for condemning the association as being anti-labor then it likewise would be the basis for condemning the association for advocating in its programs those things to which I have referred. Possibly that is the reason why some people do not like the association. In any event we should let the facts as established speak for themselves.

Mr. ABERNETHY. Mr. Chairman, I move that all debate on the two pending amendments close in 15 minutes.

The motion was agreed to.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent that 3 minutes of that time be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5

minutes out of order in order to answer the gentleman from Indiana [Mr. HALLECK], not to be taken out of the 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### BIG-BUSINESS FRONTS CLAIMING TO BE SMALL-BUSINESS ORGANIZATIONS

Mr. PATMAN. Mr. Chairman, the Committee on Small Business in the early part of last year recognized that there were a lot of front organizations of big-business concerns claiming to represent small business. We asked the staff to look into these organizations and to make a report. The staff spent several months investigating these organizations. We had one public hearing.

On December 17, 1949, a report of 69 pages was made to the whole committee which was immediately dispatched to each member of the Small Business Committee, 9 in all—5 Democrats and 4 Republicans. I personally asked the members to be ready to vote on it early in January, if possible.

Early in January the members said they had not had time to thoroughly examine the report. The Christmas holidays had intervened. So we postponed the meeting until 2 weeks before February 1. I do not recall the exact date of that meeting. Then we had a meeting of the committee.

At that committee meeting the committee endorsed this report on these so-called small-business organizations. We allowed a week for minority views. They wanted more time. We allowed them another week. There were 3 weeks in all; plenty of time. The minority members did file their minority views. Then I filed additional views of the chairman in answer thereto.

We gave this matter serious consideration. I shall not attempt to go into the full report, but all I ask any Member is to get that report, read it, and you will be convinced that these four organizations, including the one mentioned by the gentleman from Indiana [Mr. HALLECK], are front organizations for big business. What I mean is concerns with billions of dollars are contributing to them.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. Would the gentleman agree with the statement made by the gentleman from California [Mr. HOLIFIELD]? I called him and told him that I was going to raise this question, and he said that whatever was done, as far as he was concerned, to go ahead. He said this: "The organization"—referring to this association that is meeting here today; not the foundation to which the gentleman refers—"The organization is chiefly financed by million- and billion-dollar corporations, as proven by the report of the House Committee on Small Business."

I ask the gentleman if that statement is correct or incorrect.

Mr. PATMAN. I think it is correct; and I have additional information I will

cite to the gentleman from Indiana. I will go back to Business Week of September 17, 1938, when they had a "little man's parley" of this group at Pittsburgh. The headline is "Two hundred and fifty small-business men at convention. Big business pays the bill." That was 12 years ago; that is when they were starting off. And here are the names of some of them: Atlantic Refining Co., National Steel, Remington Rand, Sun Oil Co., the Grundys, and the Pews. They are for this group. Do you think that they would honestly represent small business? Of course they would not.

Mr. HALLECK. Mr. Chairman, will the gentleman yield further?

Mr. PATMAN. I yield.

Mr. HALLECK. I am amazed at the gentleman's answer with respect to my inquiry as to the correctness or incorrectness of the statement of the gentleman from California because, as I said, the report definitely and unequivocally says: "We do not propose to show that the big business money contributed to the foundation moves to the association." If that does not say in plain English that there is no proof of it—

Mr. PATMAN. Just a moment. Let me do a little talking. The gentleman did a lot of talking a little while ago; my time is limited. They have the same offices, organized by the same people, the same president; the same counsel, the same board of directors, exactly all the same. There is not one difference in them, and they are organized for the same purpose.

I want to put in the RECORD at the proper time the report from Pittsburgh, when they first met, the report from Business Week that it was a big-business outfit, and a statement from the New York Times. There is no way on earth to get around it. They are just a front for big business. They are paid by big business, they represent big business, and I have never known the time when they took the side of little business in opposition to big business when there was a conflict. Let me ask the gentleman if he knows of the time when they have ever taken the side of little business when there was a conflict between little business and big business?

Mr. HALLECK. The gentleman knows that in the report you cite several of those occasions, and as a matter of fact, I insist that it is as much in the interest of small business to cut the cost of government and reduce taxes as it is anybody's business.

Mr. PATMAN. The gentleman from Indiana could not cite one instance.

#### SMALL-BUSINESS FRONTS—PARTIAL TEXT OF REPORT ON SMALL-BUSINESS ORGANIZATIONS BY SELECT COMMITTEE ON SMALL BUSINESS

Mr. Chairman, I am including in my remarks the full text of part I and part II of House Report No. 1675, entitled "Small Business Organizations," mentioned by the gentleman from Indiana [Mr. HALLECK], filed on February 21 by the Select Committee on Small Business, of which I have the honor to be chairman and the gentleman from Indiana the ranking minority member. The other two parts, part III and part IV, containing detailed evidence on the issue



of interconnection, are omitted. I have included, however, the preface, the conclusion, the minority views submitted by Republican members, and the additional remarks of the chairman.

Four organizations purporting to represent small business were selected as case studies for this report.

All four organizations, I regret to say, were found to be fronts for big business. The detailed facts as to the money contributions from big business are given. Mr. DeWitt Emery, head of two of these organizations—the National Small-Business Men's Association and the Small Business Economic Foundation—solicits and receives, in the name of small business, contributions from some of the largest corporations in America. The third organization, National Tax Equality Association, receives regular contributions from various public-utility companies, and in turn divides up a substantial part of its budget with the various secretaries of the State affiliates of the fourth organization, National Associated Businessmen.

Thus we have the outrageous spectacle of purported trustees for small business who do not hesitate to take their money where they may. Let the record speak for itself:

#### SMALL BUSINESS ORGANIZATIONS—FOUR CASE STUDIES OF ORGANIZATIONS PURPORTING TO REPRESENT SMALL BUSINESS

##### PREFACE

This study has been made because of the large number of organizations springing up which claim to represent small business, but which may often merely use small business as a front for other purposes.

It is altogether healthy in our democracy that small-business men should do what comparable groups, such as labor and the farmers, have already done; namely, exercise their American right to organize themselves.

But it is far from healthy if organizations purporting to represent small business do not represent small business, if they are financed by big-business money, for instance, or if they represent only professional promoters trading on the name of small business.

At its preliminary stage, the present study contemplated a general survey and examination of all organizations purporting to represent small business, or at least the more important organizations in this group.

Questionnaires were sent to a selected list of 15 national organizations and also to over 30 State organizations. Despite follow-ups by registered letter and other methods, results in obtaining significant information or even consistent cooperation were disappointing.

This presented two alternatives. One was to conduct committee hearings on all of these organizations, a project which would not only be time consuming for the committee but also burdensome to many of these organizations, particularly if they should be asked to send representatives to testify in Washington. The second was to concentrate on a few organizations on a case-study basis in order to be able to present, through the medium of the study, instructive samples and examples of organizations purporting to represent small business. The second alternative was chosen, or practically chose itself, particularly by reason of the special advantage of obtaining a much more detailed and realistic picture, on a case-study basis, than through an over-all study of many organizations.

This decision necessarily brought on the problem of including, in the case study, organizations which would be sufficiently

representative and typical, or at least illustrative. Some of the organizations are quite important and reasonably powerful, while others are relatively much less important or powerful. Some of the organizations are exclusively national in operation; others are also broken down into State or regional organizations or are exclusively local in operation. Some of these organizations purporting to represent small business carry "Small Business" as part of their name; some do not. Some purport to represent not only small business in particular but all business in general. Some concentrate on one particular issue, such as taxation; others are less confined. Some operate as a pair or in a group; others operate individually.

Fortunately, the four case studies presented here—although it is hoped more cases may be added later—are fairly representative of the many varieties of organizations suggested by these differentiations.

The four organizations which are the subject of this case study are the following:

1. National Small Business Men's Association.
2. Small Business Economic Foundation.
3. National Associated Businessmen.
4. National Tax Equality Association.

Although all four of these organizations are fairly important and substantial, as well as national in character, No. 3 has about 35 State affiliates, some of which, at least, are of a modest, as well as local, character. The first two of these organizations, it will be noted, carry the name "Small Business"; the latter two do not. One of these organizations at least, No. 4, despite the free use of the small-business slogan in its literature, claims that it does not purport to represent small business exclusively. The first two organizations have a somewhat general program, despite an anti-labor-union emphasis, while the second two organizations concentrate on the issue of tax equality, which is a slogan directed against cooperatives.

The first two organizations seem to act as a pair, and the second two seem to do so also. Thus, it is true, there is no case in this study involving a "lone wolf" organization. However, each pair, if the two organizations do act as one, is a lone wolf, so to speak. Moreover, by including two such pairs in the case study, it is possible to compare one pair with the other for the purpose of determining whether or not there is a common organizational pattern. The study made here shows that in each pair one is more the grass roots, active, and direct-lobbying organization, backed by honest-to-goodness small-business men, and operating with no direct big-business financial support; while the other acts more as the alleged research organization, accepting and gladly accepting substantial big-business contributions in addition to regular dues from small-business men. The present study also shows a pattern of interlocking officers between the organizations in each pair, as well as other indicia of joint operation.

It is hoped that the readers of the cases presented in this study will read them not only as interesting narratives but also as they would read case studies in a law or medical book. Although certain conclusions or opinions are interspersed throughout these four cases, the most significant contribution is the factual material presented, all of which is relevant on the issue of the good faith of these organizations in purporting to represent small business. The reader may draw his own conclusions and form his own opinions, which need not agree with those stated. The important thing is to obtain a picture from actual cases of how these organizations purporting to represent small business operate.

Needless to say, this study is disconnected in purpose from the merits and demerits of the specific causes or platforms favored by any of the four organizations. The purpose of this study, and of the whole inquiry

from which it derives, has been to examine into the question as to whether organizations purporting to represent small business actually do represent small business. It is only as to this question that opinions and conclusions are expressed in each of the four cases made part of this study, which the reader may accept or reject. But the present study in no way takes a position on the anti-labor-union platform or other platforms of one or the other of the first two organizations. And this study in no way takes a position on the anticooperatives tax equality platform of one or the other of the latter two organizations. It may be that small business has a great deal to fear from labor unions unless they are subjected to severe restrictions. It may be that small business has a great deal to fear from co-ops, with their alleged exemption from certain taxes. On the other hand, it may be that it is big business which is most afraid of labor unions and of the competition of cooperatives. Finally, it may be that the truth lies somewhere between these two positions. With all of this, the present study is not concerned.

However, the study is much concerned with the conclusions stated therein that none of these four organizations truly represent small business, and that big-business money contributions—from United States Steel, Standard Oil, and various public utilities, to cite only examples—encircle these organizations.

##### PART I

#### *National Small Business Men's Association and Small Business Economic Foundation*

The organizations covered by this part of the study are the following:

National Small Business Men's Association, Inc., with executive offices at 39 South La Salle Street, Chicago, Ill.; national headquarters at Akron, Ohio; and also an office in Washington, D. C.

Small Business Economic Foundation, Inc., with headquarters at 122 West Monroe Street, Chicago, Ill.

These organizations have been studied together because their operations and activities appear to be closely connected and because both organizations originated with and are headed by the same person or persons.

In addition, this part of the report covers incidentally the leading person in these two organizations: DeWitt Emery, president of both organizations, and also principal of the Monroe Letterhead Corp., Akron, Ohio.

The National Small Business Men's Association, or the association, as we shall now call it, was founded in 1937 by DeWitt Emery. He became its first president and is still its president. J. Raymond Tiffany, who has law offices in New York City, was designated as general counsel and still serves in that capacity; the association claims a New York office at his offices. A large part, if not the larger part, of the association's program has related to the demand for restrictions on labor unions. Very little of the association's program has related to distinctively small-business matters. The association's annual statement of objectives ordinarily does not even use the words "small business," but covers a variety of subjects of general business interest and sometimes of a highly political nature. Of course, the description "small business" is prominently displayed in the association's name. The association states that it was formed "to give small-business men a voice in national affairs and to preserve freedom of enterprise"; and, when the association speaks, it purports to be the voice of small business. It has been filing reports under the Lobbying Act. It reports receipts of over \$150,000 a year; in 1948 the exact amount was \$159,291.95. It pays Mr. Emery a salary of \$18,000 a year.

The Small Business Economic Foundation was not formed until November 1946. The foundation, as we shall now call it, was



formed, the evidence seems clear, by the same DeWitt Emery who organized the association. As with the association, Mr. Emery also became its first president, and J. Raymond Tiffany, its general counsel. Both still serve as president and general counsel, respectively, as in the association. In fact, all of the officers and directors of the foundation are officers or directors of the association, including Dr. Alfred P. Haake, economist. The foundation, like the association, claims a New York office at the offices of Mr. Tiffany. The purpose for which the foundation was organized is stated to be "the collection, compilation, interpretation, and dissemination of information, data, and educational material relative to freedom for America and Americans." Like the association, the foundation does not, in its formal program, stress small business as such, although the slogan is prominently carried in its name and the literature carrying its name. The foundation does stay in the background somewhat, unlike the association, which is more the grass-roots organization of the two. The foundation files no reports under the Lobbying Act. However, its receipts, we are advised by it, amount to some \$60,000 a year or more—\$69,158.24 in 1948 and \$62,772.74 in 1947. The amount of these receipts seems small in view of the wealth of its corporate contributors, the names of which came to us from another source. However, it may be, although we do not know, that these corporations also contribute to the association. The foundation, according to its statement, pays no salary to any of its officers, including Mr. Emery.

Mr. DeWitt Emery is apparently in the printing and letter-addressing business, his firm being the Monroe Letterhead Corp., Akron, Ohio. As we have seen, the association has its national headquarters in Akron, Ohio. The association apparently rents space from Mr. Emery's firm and also gives it a substantial amount of business. In addition to the \$18,000 salary Mr. Emery receives from the association, his firm receive sizable sums for office rent, letterheads, and membership service; these items have amounted to almost \$10,000 in 1949, for the first three quarters.

The above sketch of the two organizations, and the president of both, has, of necessity, been in part a summary of some of the parts developed by the investigation, which will be set forth in detail in this study.

In making this study and report on the association and the foundation, the answers to the following questions have been sought:

1. Do these organizations claim to represent small business?
2. If so, is the claim false or misleading? There is a third, although subsidiary, question:
3. Are the association and the foundation in reality under one direction?

In order to obtain information and evidence, the following was done:

1. The reports filed by the association under the Lobbying Act have been studied and digested, including the brief reports filed by Lyle W. Jones, the association's Washington representative. Mr. DeWitt Emery, president of both the association and the foundation, files no reports, and the foundation files no reports.

2. Both the association and the foundation have been requested to furnish specified information and material to the committee. They have responded by giving to the committee two fairly elaborate brochures, apparently especially prepared for the committee. Each of the brochures is in the same type of binding, and each is entitled "Narrative History and Exhibits." Each contains a brief narrative history, together with a series of exhibits, consisting mostly of literature issued by the organization covered. However, these brochures do not contain the detailed financial information which

was particularly desired by the committee. There are some brief and summary financial statements given for the foundation, but we have had to go to other sources to obtain such further information as could be procured.

3. No hearings have been held in connection with these two organizations. A public hearing was definitely set for the fifth day of October 1949, but at the request of Mr. Emery and to satisfy the convenience of his general counsel, was put off to a Saturday on the 8th day of October 1949. It became impossible to assemble the subcommittee members for that day, and no new date has been set. Mr. Emery was invited to submit a written statement, which he did under general counsel's signature (see pt. IV).

4. No investigators as such were used in making this study. However, the staff was able to obtain a limited amount of additional information from various sources.

#### The Foundation's Big Business Support

The Small Business Economic Foundation was incorporated as we have seen, in November 1946. Apparently, Mr. DeWitt Emery, J. Raymond Tiffany, and other associates brought over from the association lost no time at all in lining up, as contributors for this new shall business venture, not merely big business, but the very top big businesses of the country: United States Steel, Standard Oil, Socony-Vacuum, Texas Co., and others.

For on September 15, 1947—according to a photostat we have in our possession—DeWitt Emery, as president of the foundation, was sending out a letter soliciting contributions for the foundation, and this letter enclosed a long list of existing big-business contributors.

Emery stated in this letter that he was sending the list so that contributors might know the company we are keeping. In other words, the president of the small business foundation, as well as of the small business association, was bragging about the big-business company they were keeping.

Moreover, although Mr. Emery did not mention the association by name, as distinguished from the foundation, he did make, in this letter, a pointed reference to the representative small-business group, which seems obviously to mean the association; and to the grass-roots approach originated by it; as explained, he further stated, in his enclosure entitled "Ignorance May Kill Free Enterprise." Mr. Emery's letter reads as follows:

SMALL BUSINESS ECONOMIC  
FOUNDATION, INC.,  
Chicago, Ill., September 15, 1947.

DEAR MR. —: Just about the first thing most executives ask when I discuss the program of this Foundation is, "Who are some of the contributors?"

Of course, all of us like to "know the company we are keeping," so I thought it would be helpful in your case to attach a cross-section list of the better-known companies who have currently subscribed up to the acceptable \$2,500 maximum.

All of the many leaders in industry who have been asked their opinion as to the effectiveness of our grass-roots approach to the problem of explaining to workers the advantages of our free competitive system of business, quickly concede that this program, originating with the representative small-business group, is most likely to accomplish the desired result, i. e., public understanding.

It will pay you real dividends to spend the few minutes necessary to understand the approach as explained in the enclosure, Ignorance May Kill Free Enterprise. I feel sure you will then want your company to go along with the many others substantially supporting the work.

This is a tremendously important job and the time remaining in which to do it is

rapidly running out. All business, big, medium, small, must join forces to fight effectively, and do it now.

Send us your company check, for whatever amount you decide upon; mail it as soon as you can, and we will put it to work in the most effective way immediately.

Subscriptions are chargeable to business expense or to public relations. I am counting on your support.

Sincerely,

DEWITT EMERY, President.

"Eternal vigilance is the price of liberty."

The attached list is as follows:

Among prominent corporation contributors: American Rolling Mill Co.; American Screw Co.; Auto Engine Works; Barber-Colman Co.; Bear Mill Manufacturing Co., Inc.; Bibb Manufacturing Co.; Blue Bell, Inc.; Borg-Warner Corp.; Botany Worsted Mills; Brown & Sharpe Manufacturing Co.; The Buckeye Steel Castings Co.; Campbell-Ewald Co., Inc.; Celanese Corp. of America; the Cleveland Graphite Bronze Co.; Chrysler Corp.; De Soto Motor Corp.; Dexter Folder Co.; Dodge Bros. Corp.; Donaldson Baking Co.; The Duff-Norton Manufacturing Co.; Electric Boat Co.; Federal Malleable Co.; Federal-Mogul Corp.; Marshall Field & Co.; Firestone Tire & Rubber Co.; First National Stores, Inc.; Fort Pitt Brewing Co.; Furnas Electric Co.; The B. F. Goodrich Co.; The Goodyear Tire & Rubber Co.; Greenlee Bros. & Co.; Gunite Foundries Corp.; The M. A. Hanna Co.; Harnischfeger Corp.; E. F. Houghton & Co.; Inland Steel Co.; The Interstate Co.; Spencer Kellogg & Sons, Inc.; Libbey-Owens-Ford Glass Co.; the Lindsay Wire Weaving Co.; Lone Star Cement Corp.; Marshall-Wells Co.; Mathieson Alkali Works, Inc.; The Miller Shoe Co.; Mine Safety Appliances Co.; Mississippi River Fuel Corp.; National Brass Co.; National Machinery Co.; National Oil Products Co.; The Okonite Co.; Peter Paul, Inc.; Pittsburgh Reflector Co.; Plymouth Motor Corp.; Proctor & Schwartz, Inc.; The Pure Oil Co.; Republic Steel Corp.; Sawyer Stores, Inc.; Sears, Roebuck & Co.; Shapleigh Hardware Co.; W. A. Sheaffer Pen Co.; Socony-Vacuum Oil Co.; Standard Oil Co. of Indiana; Standard Oil Co. of New Jersey; Stanley Woolen Co.; The Symington-Gould Corp.; The Texas Co.; United States Steel Corp.; Vick Chemical Co.; Hiram Walker-Gooderham & Worts, Ltd.; Western Insulated Wire Co.; Wheeling Steel Corp.; Edwin L. Wiegand Co.; Williamson Candy Co.; Wyandotte Worsted Co.; Wm. H. Ziegler Co., Inc.; and many others.

The letter, together with the list, is identified here as exhibit 1.

Who are these corporations—"the company we are keeping"? Let us discuss these corporations in terms of their total assets. In all, there are 70 of them, and every one is at least a million-dollar concern in total assets—except about 10.

Five of these corporations are billion-dollar concerns, in total assets: Standard Oil of New Jersey, \$3,000,000,000; United States Steel, \$2,000,000,000; Standard Oil of Indiana, \$1,000,000,000; Socony-Vacuum \$1,000,000,000; The Texas Co., \$1,000,000,000.

Twelve of these corporations are \$100,000,000 concerns, excluding the billion-dollar concerns just listed: Sears, Roebuck, \$712,000,000; Chrysler Corp., \$541,000,000; Republic Steel, \$489,000,000; Goodyear Tire & Rubber, \$424,000,000; Firestone Tire & Rubber, \$344,000,000; American Rolling Mill, \$316,000,000; Inland Steel, \$292,000,000; B. F. Goodrich, \$266,000,000; Celanese Corp., \$256,000,000; Hiram Walker, \$154,000,000; Borg-Warner, \$151,000,000; Marshall Field, \$108,000,000.

This is "the company we are keeping," says DeWitt Emery, president of the Small Business Foundation as well as the Small Business Association, who subscribes the foundation letter, as he also subscribes his association letters: "DeWitt Emery, Presi-



dent, 'Eternal vigilance is the price of liberty.'"

Mr. Emery might well be asked: If eternal vigilance is the price of liberty, what is the price of small business, or for small business? Can small business be bought for what big business will pay to use the name of small business as a front?

Tables showing the total assets of the 70 firms referred to by Mr. Emery in his letter, and containing other pertinent information, are identified here as exhibit 2.

*The association's connection with big-business support of the foundation*

We do not propose to show that the big-business money contributed to the foundation flows to the association, in order to show the association's connection with this big-business support. After all, the foundation is the newer organization and was organized in 1946, while the association was organized in 1937. The foundation collects only some \$60,000 to \$70,000 a year, according to the figures it gave us, as against over \$150,000 collected by the association. It is quite possible, of course, that many of the large corporations which contribute to the foundation also contribute to the association. Their names would not turn up in the reports filed by the association under the Lobbying Act, unless contributions of any corporation exceeded \$500 a quarter; that is, at the rate of \$2,000 a year; and the association reports there have been no contributions of this size.

Be this as it may, we do not regard it as necessary to show an actual payment of money by the foundation to the association to prove a connection between the association and the big-business contributors to the foundation.

As we have seen, every single officer and director of the foundation is an officer or director of the association; this is shown by the letterhead of Mr. Emery's letter quoted above and current letterheads of the association. The association and the foundation were both founded by the same man, DeWitt Emery, who is president of both. They both have the same general counsel.

DeWitt Emery's powers, as president of the association, are not left to chance; the general counsel, presumably, has seen to that. The association's constitution provides, in article IV, section 2, as follows:

"The president shall be the chief executive and managing officer of the association and shall preside at all meetings of the members, the trustees and executive committee, and shall have general control, management, and supervision of the business of the association and shall perform such other duties as may, from time to time, be delegated to him by the trustees."

To make doubly sure of the powers of the president, the association's constitution provides, in article V, section 1, that the members of the executive committee shall be appointed by the president, although with the approval of the trustees.

It is impossible reasonably to believe that Emery would run the association along lines that would displease the big-business contributors of the foundation. And it is impossible to believe that the men sitting as officers and directors of the foundation would, even when sitting for the association, forget the foundation's big-business contributors. And it is impossible to believe that J. Raymond Tiffany, when acting as general counsel for the association, would disassociate himself from J. Raymond Tiffany, acting as general counsel for the foundation, with its big-business contributors. We may assume that DeWitt Emery, J. Raymond Tiffany, and their associates would run both organizations in what we may term the closest harmony. Certainly the association, by continuing under the leadership of Emery, impliedly represents to the foundation's big-business contributors

that the association, too, is all for them. And, if these contributors are also making separate contributions to the association, should that be the case, the association would be tied to them even more closely.

As a matter of fact, our views are fortified by the way the two organizations seem to work. Both use the slogan "Small Business" in their names. Both avoid specifically small-business issues. They both espouse things big business wants, and which small business may or may not want. They both concentrate most of their guns on the labor unions. The one purpose stated in an association money-raising letter dated February 21, 1949, is as follows:

"If the labor bosses and their radical and communistic cohorts can be stopped or slowed down to a walk on labor legislation, then there is a good chance of stopping most if not all of the administration's program of national socialism."

This letter of the association is signed "DeWitt Emery, president. 'Eternal vigilance is the price of liberty.'" Finally, we also have the letter by Emery as president of the foundation, quoted above, which seems to be directly referring to the association as "the representative small-business group."

The association, therefore, in our opinion, cannot claim to be a simon-pure small-business organization merely because no contributions received by it, as reported under the Lobbying Act, exceed \$500 for any quarter, from any one contributor. As we have already indicated, \$500 a quarter is a good-sized contribution in any event, being at the rate of \$2,000 a year, and even big concerns could be contributing substantial amounts without having their names divulged. But, secondly and more important, is the close interconnection between the foundation and the association, through DeWitt Emery and his associates and through the similar operations of the foundation and the association. In our opinion, neither association can be disassociated from DeWitt Emery, and he cannot be fish in one and fowl in the other.

*Both Organizations Purport To Represent Small Business*

Both the foundation and the association carry the small-business slogan right in their names. That they both purport to represent small business is therefore proved beyond any reasonable doubt—just as clearly as if they so stated in so many words. The voluminous literature circulated by both organizations capitalizes on this name "Small Business." The association holds in Washington, D. C., what it calls small-business days. Its Washington representative actually represents small business on the Task Force Committee of the National Security Resources Board, together with representatives of other small-business organizations.

*Summary of Above*

We therefore believe that we can give fully responsive answers to the two main questions stated at the beginning of this report:

1. Do these organizations claim to represent small business? The answer is "Yes."
2. If so, is the claim false or misleading? The answer is "Yes."

As to the foundation, the evidence is conclusive. For an organization to pretend to be a "small business" research foundation and to live upon, or to even hope to live upon, the dole of the biggest businesses in the country, may well be called an absolute fraud.

As to the association, the answer must be much the same. There is the qualification that no evidence has been adduced directly tracing to the association any foundation moneys received from big business. Nevertheless, the association must stand or fall with DeWitt Emery, and he is in the position of a small-business fiduciary and trustee

who is willing to take money from big business. It is no defense for him to say that this is an arbitrary line which is being drawn between big business and small business. He himself has drawn the line by forming not one but two small-business organizations bearing the name. More important, the protection of small business as such has been a special objective of the Congress over a period of years, particularly since the beginning of World War II, and has received bipartisan support, resulting in the creation of special small-business agencies and divisions in the Government set-up, and of small-business committees in both Houses of the Congress.

Although we regard the interconnection of the association and the foundation as amply demonstrated, particularly by Mr. Emery's common position with each, we shall address ourselves in detail to the evidence as to common purposes and common programs demonstrating the closeness of the interrelation between the association and the foundation, and thus connecting the association, at least indirectly, with the foundation's big-business contributors.

Before doing so, however, we shall present the part of our report on two other organizations, the National Tax Equality Association and the National Associated Business Men, which present a duality of small-business organizations with many similarities to the association and the foundation. In that complex, NAB appears to be the grass roots organization for NTEA, which has the big-business contributors, just as the association may be regarded as the grass roots organization working with the foundation. Two gentlemen, Mr. Vernon Scott and Mr. Loring A. Schuler, appear to be the connecting link between NAB and NTEA, a role comparable to that of Mr. Emery in the association and the foundation. Both NTEA and NAB, as will be seen by the facts stated in this study, purport to represent small business.

After completing the NTEA-NAB part of our report—in full, including the interconnection of these two organizations—we shall return to the association and the foundation in order to show the detailed evidence of their interconnections.

*PART II*

*National Tax Equality Association, and National Associated Businessmen, Inc.*

The organizations covered by this part are the following:

National Tax Equality Association, with headquarters at Chicago, Ill.

National Associated Businessmen, Inc., with offices in Washington, D. C., and affiliated State units in about 35 States.

These organizations have been studied together because their operations and activities appear to be closely connected, and because of allegations that these organizations have had the same leadership and direction.

In addition, this report incidentally covers the following private concern: Scott & Schuler, organizers and counselors, with offices in the Chicago headquarters of NTEA and in the Washington headquarters of NAB. They also list themselves as organization and industry counselors.

The National Tax Equality Association, or NTEA as we shall now call it, was organized in 1943. Mr. Vernon Scott (Scott & Schuler, organization and industry counselors) had a substantial part in organizing it. He became manager and vice president, and his firm of Scott & Schuler was retained by NTEA. Mr. Scott now has the title of executive vice president, and his firm is still in NTEA's employ under a very substantial retainer. NTEA's activities have related almost exclusively to a tax-equality program directed against cooperatives. It stresses the argument that co-ops under present law are a menace to small business. Its program



includes no small-business matters apart from tax equality. Its articles of incorporation state "tax equality" as its objective. NTEA claims to be a sort of research organization and ostensibly remains in the background. It claims that it is not subject to the terms of the Lobbying Act. However, it commenced filing returns under the Lobbying Act in 1949. The returns showed that it has receipts of \$500,000 a year. It pays Scott & Schuler \$48,000 a year plus substantial expenses, and supplies them with free office space in its own Chicago offices, where Mr. Scott has his headquarters. These returns also showed that most of NTEA's large contributors are public-utility companies.

The National Associated Businessmen, Inc., or NAB as we shall call it, was organized in 1946, first using the name United States Business Organizations, Inc. It has 35 State units or affiliates; the original State units were created prior to NAB, and most of them bore the name "Tax Equality." The National Tax Equality Association (NTEA) and Scott & Schuler had a substantial part in the formation of the State units and of NAB. Mr. Loring A. Schuler, of Scott & Schuler, became executive director of NAB and holds that office today. The stated corporate purposes of NAB are more general than those of NTEA, but tax equality, in respect to co-ops, is the one stressed. NAB likes to emphasize its small-business background and composition. It is direct in its activities. It has been filing regularly under the Lobbying Act. NAB's receipts amount to about \$50,000 a year (1948). It pays Scott & Schuler a \$10,000-a-year retainer and supplies them with free office space in its Washington office, where Mr. Schuler makes his headquarters. As we shall show, it also develops that officers of NAB State affiliates receive substantial sums of money from NTEA.

Scott & Schuler, although established as a partnership, devote, in Scott's own words, 99 percent of their time to these two organizations, NTEA and NAB, including the State affiliates. They have no offices except those furnished by these organizations, the one in Chicago with NTEA, from which Mr. Scott operates, and the other in Washington with NAB, from which Mr. Schuler operates. They receive free telephone service as well as office space. They receive the fees of \$48,000 from NTEA and \$10,000 from NAB, not in their individual capacities, but as a firm.

The above sketch of NTEA, NAB, and Scott & Schuler has, of necessity, been in part a summary of some of the facts developed by the investigation, which will be set forth in detail in this study.

In making the present study and report, answers to the following questions have been sought, as with the two organizations studied under part 1:

1. Do these organizations claim to represent small business?

2. If so, is the claim false or misleading? There is the third, although subsidiary, question:

3. Are NTEA and NAB in reality under one direction?

In order to obtain information and evidence, the following was done:

1. Various reports filed under the Lobbying Act were studied and digested. NTEA filed such a report, showing income and expenditures, for the first time this year; the report indicated substantial contributions from wealthy corporations. NAB has been filing reports since 1947, and a large number of the State affiliates have been filing reports.

2. Repeated attempts were made to obtain information from NTEA and NAB by letter and questionnaire. These attempts met with no success, and encountered only evasive tactics.

3. One public hearing was held—on August 22, 1949. The witnesses were Vernon Scott,

of the firm of Scott & Schuler, and, for some limited questions, Loring A. Schuler, of the firm. Mr. Scott admitted that NTEA accepted big-business contributions, but defended its right to accept contributions from big business and small business indiscriminately. He denied that NTEA is specifically a small-business organization, but admitted that it claims to represent small business. He denied that NAB was a front for NTEA, but admitted facts showing an intimate connection between NTEA and NAB or its State affiliates. The hearing was adjourned in order to enable Mr. Scott to catch a boat, on which he was leaving for Europe, and no further hearing has been held.

4. No investigators as such were used in making this study. However, the staff was able to obtain a limited amount of additional information from reliable sources.

The testimony of Mr. Vernon Scott, limited in time and in scope as it was, deserves careful scrutiny. He admitted what he could not deny—namely the receipt of big business contributions—in view of NTEA's lobbying reports which it finally filed in 1949. He tried to deny the full closeness of the connections between NTEA and NAB, and to obscure the efforts of these two organizations to pose as simon-pure small-business organizations.

#### NTEA's Financial Support by Big Business

The fact which could not be denied is NTEA's acceptance of contributions from big-business concerns. The acceptance of contributions from big business is, of course, not unlawful, but, on elementary fiduciary principles, it impairs the usefulness of an organization purporting to represent small business.

In its lobbying report for the first quarter of 1949, NTEA showed 43 contributors of over \$500 each for the quarter; of these, 16 were public-utility companies. For the third quarter, 14 out of a total of 31, were public-utility companies, as follows:

Public Service Co. of Colorado, Denver, Colo.

Florida Power & Light Co., Miami, Fla.

Public Service Co. of Indiana, Inc., Indianapolis, Ind.

Kentucky Utilities Co., Inc., Lexington, Ky.

Southwestern Gas & Electric Co., Shreveport, La.

The Detroit Edison Co., Detroit, Mich.

Montana Power Co., Butte, Mont.

Public Service Electric & Gas Co., Newark, N. J.

Consolidated Edison Co. of New York, Inc., New York, N. Y.

Carolina Power & Light Co., Raleigh, N. C.

Columbus & Southern Ohio Electric Co., Columbus, Ohio.

Duquesne Light Co., Pittsburgh, Pa.

Texas Electric Service Co., Fort Worth, Tex.

Utah Power & Light Co., Salt Lake City, Utah.

A complete list of contributors of \$500 or more, for the third quarter of 1949, is identified here as exhibit 3. Under the Lobbying Act it is not required that the actual amount of the contribution be stated in the filed report. It is enough if the name and address of the contributor is given.

The first quarter is representative of all three quarters. The filed figures show that public utility companies, at least in number, were the main source of large contributions. No other type of business was represented by more than four contributors. The classified list for the first quarter is as follows:

Public utility companies.....	16
Public utility information service.....	1
Grain company.....	3
Dairy industry.....	3
Fertilizer.....	3
Lumber.....	3
Insurance.....	2
Hardware.....	2
Coal.....	1
Metal products manufacturing.....	4

Household appliances manufacturing.....	1
Cord products.....	1
Livestock exchange.....	1
Measuring devices.....	1
Unclassified.....	1

Total..... 43

NTEA has failed to give the actual amount contributed by each contributor of \$500 or more, in answer to a committee questionnaire sent after the public hearing referred to above.

The lobbying reports filed by NTEA for the second quarter of 1949 and for the third quarter present substantially the same picture as for the first quarter. In the lobbying reports for each of the three quarters of 1949, filed by NTEA, there is a failure to disclose the total of the contributions amounting to \$500 or more. The Lobbying Act requires a total of all contributions under \$500, without specifying names of contributors. It also requires the names of all contributors of over \$500, but without expressly requiring the total. However, the Lobbying Act requires a grand total of all contributions, including those under \$500 and those over \$500. NTEA in all of its three reports does state a total of contributions under \$500 but repeats the very same total as the grand total. Thus the whole is no greater than one of its two parts. By this new kind of arithmetic NTEA avoids telling us the total of its contributions over \$500. We do not even know whether the total of large contributions is greater than the total of small contributions. Moreover, NTEA so far has studiously avoided giving the committee this information in response to the committee's questionnaire.

It is true that Mr. Vernon Scott did state at the committee's public hearing that the total contributions of public utility companies is less than 10 percent of the whole (hearing, p. 26<sup>1</sup>). He also stated that two-thirds of the contributions come from small business (hearing, p. 17), which he defined as firms employing less than 500 people, a definition which can include some very large businesses. Only complete frankness on the part of NTEA can clear up this picture.

#### NAB a Beneficiary of NTEA Big Business Financial Support

The committee staff has also collected evidence indicating that NTEA funds flow into NAB or its State affiliates. Periodical monthly payments of approximately \$200 are made to individuals whose names happen to be those of secretaries of NAB State affiliates. These payments alone totaled about \$28,000 for 9 months. NTEA also pays \$48,000 of the \$58,000 Scott & Schuler receive from both NTEA and NAB for their joint and individual services to the organizations. The contributions from public-utility companies can therefore be regarded as offering some financial support to NAB and its affiliates, in spite of Mr. Scott's testimony which indicated, by implication at least, no such intimate connection with NTEA or its contributors.

There can be and there is no denial of these substantial contributions by big business. Far from denying these contributions, Mr. Scott at the public hearing made a virtue out of necessity. Never, so far as we know, had the public been aware of these big business contributions to NTEA until NTEA finally decided to file lobbying reports, commencing January 1949. However, on the stand Mr. Scott testified that he welcomed contributions from big business, and from public utilities in particular (hearing, p. 25). He also stated: "We offer no apology for the public utilities" (hearing, p. 26).

It thus seems sufficiently clear that if these organizations do claim to represent small

<sup>1</sup> Refers in each case to page number in printed record of hearings.



business, there is at least a prima facie basis for regarding the claims as false or at the very least grossly misleading. We have failed to find any evidence, and we doubt that there is any evidence, that these organizations have made any frank disclosure to small business generally or to their own small-business members of the big-business financial support to which we referred above. Let us examine, therefore, the question of whether or not NTEA and NAB do purport to represent small business.

#### NTEA as a Purported Representative of Small Business

That NTEA does hold itself out as a representative of small business is shown by the following:

1. In a letter to the Honorable WRIGHT PATMAN, chairman of this committee, dated April 18, 1949, Mr. Garner M. Lester, president of NTEA, states, in asking for a personal interview, that the "committee and the National Tax Equality Association have the same purpose—serving the interest of small-business men." This letter was written before the present study was commenced. A copy thereof is identified here as exhibit 4.

2. NTEA's literature, and propaganda generally, is so worded and so devised as to play up and feature its purported representation of small business. An example of this is an impressive red and white circular issued by NTEA, entitled "Sudden Death on Main Street." The circular recites the alleged fate of one John Moore and his family, "just small-business people," who allegedly were put out of business because a cooperative moved into their town. The circular then contains a petition, reading as follows:

"DEAR CONGRESSMAN: This can happen to me or any small-business man because of tax favoritism. Please do something about it."

Copy of this circular reciting the alleged story of these small-business people and containing the small-business man petition is identified here as exhibit 5.

3. Vernon Scott himself made important admissions under oath showing that NTEA does purport to represent small business. We give brief excerpts from his testimony:

"That is our big job, to explain that to small-business men (hearing, p. 22).

"Of course we do, because 95 percent of our members numerically are small-business men (hearing, p. 29, in answer to question as to whether 'you hold yourself out at any time as representing small business')."

"I would say it perhaps did and quite properly so (hearing, p. 32, in answer to question: 'Does the NTEA in any way in its publicity or propaganda hold itself out as being a representative of small business particularly?')."

"We do. We think and know we are serving the interests of small-business men over this country (hearing, p. 32, in answer to question as to whether you, NTEA, 'hold yourself out as serving the interests of small business')."

Mr. Scott once stated as an explanation: "We don't try, we never intimated that we were solely a small-business man's organization that I know of (hearing, p. 29)."

4. NTEA's close connection with the NAB organization, which is avowedly "grass roots" (hearing, p. 35), and avowedly small business, is further evidence of NTEA's assumption of the role of shaping the ideas of small business and evidence that NAB, together with its State affiliates, is a special small-business "front" through which NTEA has operated. This is a subject which will be developed in detail under part III.

#### NAB as the Purported Representative of Small Business

The description "Small Business" does not appear in the name National Associated Businessmen, Inc., any more than in the name National Tax Equality Association. However, even though the committee hear-

ings did not advance to the point of questioning NAB officials about this, there is little doubt that NAB purports to operate exclusively, at least for all practical purposes, as a small-business organization.

1. In the letter to Hon. WRIGHT PATMAN, chairman of this committee, dated April 18, 1949, Mr. Loring A. Schuler, executive director, stated as follows:

"National Associated Businessmen, Inc., is the coordinator and Washington representative of 35 States and original organizations of Associated Businessmen covering most of the United States. Members of the State associations are politically minded, small-business men."

A copy of this letter is identified here as exhibit 6.

The president of NAB, Mr. Elton Kile, under date of January 22, 1948, wrote to the President of the United States and to others, stating as follows:

"I am president of the National Associated Businessmen, Inc. (formerly United States Business Organizations), which is the national representative of autonomous associations of small-business men in 35 States. I am writing to you on behalf of the millions of small-business-men voters of this Nation with regard to a matter which is of the utmost urgency to them and to every other taxpayer."

A copy of this letter is identified here as exhibit 7.

2. Mr. Vernon Scott, in his sworn testimony at the committee's one hearing, referred to the State units as groups which had spontaneously grown up from the ranks of small-business men (hearing, pp. 35 and 36). The committee sent a simple letter to each one of NAB's State units or affiliates asking about the small-business composition of its membership. The answer to these letters, as given, are categorical to the effect that practically the entire membership is small business and exclusively small business. The answers from these State units, which also in most instances contain in the letterhead a list of their officers, is identified here as exhibit 8.

#### Summary of Above

We believe that, from the above, we can give fully responsive answers to the main two questions set forth at the beginning of this study of these organizations.

1. Do these two organizations, NTEA and NAB, including the latter's State affiliates, purport to represent small business? The answer is "Yes." NTEA cannot seriously qualify this answer claiming to represent mostly small business, but not only small business. NAB apparently claims to represent small business exclusively, at least for all practical purposes.

2. Is this claim false or misleading? The answer is "Yes." As to NTEA, the evidence seems to be quite conclusive as to this, inasmuch as it purports to represent small business, and conspicuously holds itself out as representing small business, whereas at the same time it has been receiving large contributions from a group of public utilities in various States. As to NAB and its State units, the answer is the same, except that the evidence has not as yet been fully presented in this study showing the close connection between NTEA and NAB. We have, however, already adverted to the fact that about \$28,000 of NTEA money went to secretaries of NAB State units in a period of 9 months during 1949. Moreover, NTEA pays \$48,000 of the \$58,000 paid to Scott and Schuler jointly by the two organizations. This shows a rather cogent connection between contributions by public-utility companies to NTEA and activities by NAB. This is particularly so when it is borne in mind that NTEA and NAB devote most of their efforts to one subject; namely, taxation of co-operatives.

We shall now address ourselves in much greater detail to the evidence showing that NTEA and NAB are in reality very intimately connected, and that NAB operates as the grass-roots "front" for NTEA.

#### PART III

##### *Detailed evidence of interconnection between National Tax Equality Association and National Associated Businessmen*

(See full report, pp. 17-38.)

#### PART IV

##### *Detailed evidence of the interconnection between National Small Business Men's Association and Small Business Economic Foundation*

(See full report, pp. 39-68.)

#### Conclusion

The pamphlets and other material reviewed above comprise all the material supplied to us by the foundation upon our request for copies of pamphlets and other material issued by it.

It is not intimated here that there is anything essentially wrong about the contents of these pamphlets and other material, any more than we have intimated that there is anything essentially wrong about the contents of the association's literature. The purpose of the present study was in no way to pass on the merits of opinions or causes espoused by the organizations studied. The purpose was to determine whether these organizations were representing small business or more truly representing something else. In studying two organizations together, such as the foundation and the association, a supplementary purpose, in examining their literature has been to determine whether or not the two organizations were in reality functioning substantially as one organization.

We feel that it is fair to state that the examination of the literature and published programs of both the foundation and the association fails to indicate that these two organizations are devoting themselves to specifically small-business matters, as would normally be expected of organizations purporting to represent small business.

We also feel that it is fair to state that the examination of the contents of the foundation's pamphlets and other literature shows how clearly they harmonize, despite their more general nature, with the literature issued by the association. The latter is simply the more active organization and the one registered under the Lobbying Act. This is strong evidence of the close interconnection between the association and the foundation, which, added to the other evidence adduced, including the admissions of the association, makes a very clear case. The known big-business contributors to the foundation are connected to the association itself by the total evidence.

It may be felt that we have burdened our argument too much. But the ways of propaganda and the influencing of public opinion are involved and devious, although never altogether new. In showing the interconnection between the other two organizations, NTEA and NAB, we also were compelled to burden our argument. In retrospect, it may well seem that the conclusions in this study could have been reached with a much shorter presentation of the evidence.

However, fortified with all this evidence, even though some of it may have been unnecessary, we state with confidence our considered opinion that none of the four organizations considered in this study are bona fide small-business organizations, and we reaffirm all conclusions reached elsewhere in this study in regard to these four organizations. The four organizations are National Tax Equality Association, Inc., and National Associated Business Men, Inc., in one group, and National Small Business Men's Associa-



tion, Inc., and Small Business Economic Foundation, Inc., in the other.

#### MINORITY VIEWS

The Republican members of the Select Committee on Small Business have refused to concur in the issuance of the report entitled "Report on Small Business Organizations." They have refused for the following reasons:

(1) The committee as such has never considered or weighed any of the evidence purporting to support the statements and charges made in the report, and no meeting of the committee was ever held at which any such evidence was discussed or the terms of the report considered. Hence we are at a loss to understand how the report can be considered as that of the committee.

(2) The Select Committee on Small Business was created by the House for the purpose of helping small business by the development of facts and presenting such facts, together with any fair, accurate, and considered conclusions deemed proper by the committee. We do not believe that the preparation and issuance of this report as proposed by majority members of the committee and in the manner adopted by them is the way to help small business, or a proper way for the committee to meet its responsibilities to the House of Representatives.

CHARLES A. HALLECK,  
WILLIAM S. HILL,  
R. WALTER RIEHLMAN,  
FRANKLIN H. LICHTENWALTER.

FEBRUARY 21, 1950.

#### ADDITIONAL REMARKS OF CHAIRMAN OF COMMITTEE

I have read the minority views presented herein.

In regard to the first point which is raised, it is pertinent to note that a full committee print of the report was sent to each and every member of the committee on December 17, 1949, in the hope that it would be released with the opening of the second session of the Congress in January. On January 18, 1950, the committee held an executive meeting for the purpose of considering this report, and the committee's progress report, whereupon the ranking Republican member, on the ground of lack of time to study the same, requested an adjournment, which was allowed until February 1, as a final date. On February 1 the committee held an executive meeting, attended by members of both parties, and approved the report by a majority vote, with leave to the minority to file views within 1 week; the progress report was also approved.

As to the second point raised by the minority views, I do not understand the point unless it is a generalized variation of a minority claim that the four organizations involved are criticized in the report by reason of the particular doctrines espoused by them—I, e., that they or any of them, are "against" labor unions and "against" cooperatives; or that they, like most Americans, are "for" free enterprise and "for" the curbing of un-American activities, for instance. This minority claim cannot be sustained. The report clearly states in its conclusion, page 68:

"The purpose of the present study was in no way to pass on the merits of opinions or causes espoused by the organizations studied. The purpose was to determine whether these organizations were representing small business or more truly representing something else."

In the preface, page vii, the report states:

"But the present study in no way takes the position on the anti-labor-union platform or other platforms of one or the other of the first two organizations. And this study in no way takes the position on the antiooperatives "tax equality" platform of

one or the other of the latter two organizations. It may be that small business has a great deal to fear from labor unions unless they are subjected to severe restrictions. It may be that small business has a great deal to fear from co-ops, with their alleged exemption from certain taxes. On the other hand, it may be that it is big business which is most afraid of labor unions and of the competition of cooperatives.

"\* \* \* With all of this, the present study is not concerned."

In citing examples of the views of the four organizations in this study, the purpose was to show the lack of concern of these organizations for distinctively small business problems (see p. 69) and to show that their views, good or bad, are not different from those of avowedly big business organizations. These examples were cited in conjunction with the evidence presented as to big business financial contributions. In citing such examples, it was not intended to imply that committee members, least of all, either approve or disapprove the causes espoused or the opinions expressed by these organizations. On these matters members of the committee will speak for themselves.

WRIGHT PATMAN.

FEBRUARY 21, 1950.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. FERNANDEZ. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. FERNANDEZ moves that the Committee do now rise and report the bill out with the recommendation that the enacting clause be stricken.

Mr. FERNANDEZ. Mr. Chairman, I hate to do this, but I have to because I cannot say what I have to say in 2½ minutes, and this is very, very vital to me. I think, in order that the House Members may better understand the situation, a little history should be given.

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REES. Does the gentleman have 5 minutes on a preferential motion?

The CHAIRMAN. The gentleman is so recognized.

Mr. FERNANDEZ. Mr. Chairman, when the Spanish Government ruled in New Mexico, the people of New Mexico were given grants, sometimes to a community and sometimes to an individual to be settled as a community. As the years rolled by, some of them were so settled. When the American Government took over New Mexico it was required that these grants should be confirmed by the Congress. In getting these grants confirmed and in protecting their title, they had to hire lawyers. It was not unusual to find that the lawyers would charge as a fee an undivided half interest in the grants in order to get them confirmed. We did not know either the laws or the language, and that is how we lost them. So when 1933 rolled around there were in northern New Mexico communities which were in much greater distress than in any other part of the State. These funds were used to recover and repurchase some of those community land grants so that the people could use them as a base for raising their little herds of sheep, goats, and cattle. That gave them a measure of rehabilitation. The money so expended

was much better utilized than had it been expended on relief.

We have some 200,000 acres in such land grants used by several such communities, for which they pay grazing fees, or make other arrangements. If the Hall amendment is adopted and this land is put on the auction block in order to be liquidated and the money returned to the Federal Government, then we will just undo what we did back in the thirties. That is our situation. So I am opposed to any bill that will force the selling of these lands and the wiping out of the base upon which the small communities are dependent for their economy.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. How does the Cooley bill take care of that?

Mr. FERNANDEZ. I have not reached that point yet, if the gentleman will be patient a little bit. Under the Cooley bill the State rehabilitation will, I think, continue that arrangement, though one cannot be sure.

If, under the Hall amendment, lands are sold, the money goes back to the Government, and we will then have marched up the hill and marched back down again. Those people will be in distress again through lack of land on which to exist.

Some of these land grants which were purchased by the Government have been turned over to the Forest Service for administration under a temporary arrangement. The Pueblo community in San Miguel County are quite happy about it. That is what I personally would like to see done, ultimately and permanently, because then the people who are grazing them will continue to graze them, under reasonable regulations, and in a business-like manner. If the Cooley bill is passed, the same arrangement can be made, but it would require further legislation, I am afraid.

The Hope amendment seems to me insofar as this problem in my State is concerned, to fit the pattern much better. As a matter of fact, the two bills are not very different now, for under either, they would not be liquidated by sale. I am glad to see that the gentleman from Kansas [Mr. HOPE] has come around to almost the same views entertained by our distinguished committee chairman, that no liquidation by sale need be forced.

If the Hope amendment is adopted, then, as I understand the parliamentary situation, the bill will go to conference, and in conference they can come to an agreement on a bill that will satisfy everybody and that will take care of this situation. I therefore recommend, although I have been for the Cooley bill, that the Hope amendment be adopted and that the bill be sent to conference.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. I yield to the gentleman from North Carolina.

Mr. COOLEY. Does the gentleman realize that the Hope amendment is in-



compatible with the trust agreements that were executed?

Mr. FERNANDEZ. I fully realize that, legally speaking. That is the only reason I would vote against it, if I did vote against it, because it violates the contracts. But I think that can be worked out in the conference committee and the matter settled. If it goes to conference, I hope they will give the gentleman's State what it wants and give my State definite protection for these people in northern New Mexico.

My question awhile ago to the distinguished chairman of the committee was not quite as satisfactory as it was in the record made in the committee. As the gentleman knows I have been fearful the State corporation might force these lands to be sold on the auction block. It would be under strong pressure by wealthy men who would like to have this land, and the legislature will be under great pressure. I did not get the same assurance from the gentleman awhile ago that I got in the committee. In the committee I asked the distinguished chairman these questions, and got these answers:

Mr. FERNANDEZ. I feel very strongly that I would rather nothing be done about these land grants than that they should be put under the auction block.

The CHAIRMAN. If Congress directs a liquidation of these trusts, the real property owned would have to be sold and converted into cash and the cash turned into the treasury. That would result in your property being subjected to the auction block and sold.

Mr. FERNANDEZ. Yes.

The CHAIRMAN. And that is what you do not want done?

Mr. FERNANDEZ. That is right because you will undo the very thing you did before. You just march up the hill and march down again. You give these people a little land on which to graze their milk cows and their goats and their sheep. Then you take it away from them and you put them back where they were before.

The CHAIRMAN. On the other hand, if they passed the bill which I have introduced the funds and the property would be turned back to the New Mexico corporation and could be administered?

Mr. FERNANDEZ. That is correct. I am in favor of it provided the temptation is not given to the State to sell them because they are under tremendous pressure from people who want these lands.

The CHAIRMAN. That cannot be done under my bill without the consent of the Secretary of Agriculture, and I am sure he would not give his consent for this property to be transferred to private ownership.

Mr. FERNANDEZ. That is the assurance which I have been given and if that is the case, I am unqualifiedly in favor of this bill.

Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. KEATING. Mr. Chairman, I object, and rise in opposition to the motion.

Mr. Chairman, I rise to supplement the remarks of the gentleman from Kansas [Mr. HOPE] with regard to the opinion rendered by the Solicitor of the Department of Agriculture. There have been many occasions in the past where I differed with the Department of Agriculture and probably with his Solicitor, if he gives them some of the advice on which they apparently have been acting. I

do not think, however, in this case it is necessary for us to decide whether or not the opinion of the Solicitor of the Department of Agriculture is right. He is the recognized legal adviser to the Secretary of Agriculture. What is it that he says to us? He says:

There is no legal or moral obligation imposed on Congress that would require the return of the assets covered by the transfer agreements to the States or corporations for use in rural rehabilitation programs.

"Whether or not that is correct is not the question before us. The question is whether this Congress, in the face of that solemn declaration by the legal adviser of the Secretary of Agriculture, is going to give away \$50,000,000 to certain States that claim to have a prior right to that money by reason of certain trust agreements. The place to decide the claims on these funds as against the Federal Government is a judicial tribunal and not here in the Congress, a legislative tribunal. We have no right as the Congress of the United States to give away \$50,000,000 which, if it is not given away, will revert to the Federal Treasury, without a determination by a court that those funds do not belong to the Federal Government and it is legally required to dispose of them in some other manner.

The Solicitor of the Department of Agriculture says, and very properly, and certainly this cannot be gainsaid, "that a legal conclusion must always be tested in relation to the facts upon which it is predicated."

The statute under which this fund was originally set up declared as follows:

That the Congress hereby declares that the present economic depression has created a serious emergency, due to widespread unemployment and increased inadequacy of State and local relief funds, resulting in the existing or threatened deprivation of a considerable number of families and individuals of the necessities of life.

Then he goes on to argue, which again cannot be gainsaid, that the distressing condition referred to in the statute which he cited does not today exist, and that the statute must be read into any grant of funds. The fundamental legal question to be determined here is the extent of the authority of Congress over this residue of funds granted to these States for a particular purpose when that purpose can no longer be effectuated. It seems to me that the Congress has the right and, under the decision of the Solicitor of the Department of Agriculture, has the duty to revest these funds in the Federal Government and to order that they stay there until some State can prove in a proper legal action that it is entitled to those funds as against the general taxpayers of the United States. If no State can prove such a legal case, then these funds should be used by the Government for its general purposes, thereby reducing the deficit we are now facing.

It is for that reason I think the gentleman from New York [Mr. EDWIN ARTHUR HALL] has given us the right answer to the problem. If his amendment fails, then certainly the amendment offered by the gentleman from

Kansas is preferable to the committee bill. But if any bill emerges which does anything other than to leave these funds right where they are or which seeks to distribute this \$50,000,000 to certain favored States, it should be defeated. We are trustees of this \$50,000,000 and have no moral or legal right to give it away.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield.

Mr. COOLEY. When did the gentleman become trustee in this trust agreement executed between the Corporation and the Department of Agriculture?

Mr. KEATING. The Congress of the United States is the trustee of the funds of this country. The people are looking to us to protect their money.

Mr. COOLEY. These funds do not belong to the Federal Government, and the Comptroller General has so held.

Mr. KEATING. The Agriculture Department claims they do. That is the legal question which has not been decided. Until it is, we are violating our fiduciary responsibility if we vote this gratuity. The sum may not seem large according to Washington standards but the principle involved is fundamental.

The CHAIRMAN. The question is on the motion of the gentleman from New Mexico [Mr. FERNANDEZ].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HAYS].

[Mr. HAYS of Arkansas addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, it seems to me the arguments just made by the gentleman from New York [Mr. KEATING] and the gentleman from Arkansas [Mr. HAYS] are completely unanswered, either in law or in morals or in ethics. It is true I happen to represent one of the States that apparently will get nothing from this fund, although I understand a great deal of money was sent in there after the funds were appropriated. However, it never seemed to me that we should sit, as a legislative body, after the purposes of the trust had been carried out, and arrogate to ourselves the power to sit as a court of equity in order to do justice or equity. I agree that that should be done in our courts, and that we should follow out the instructions of the judgments entered by the courts. Certainly if it were to be suggested that we were to take on more judicial functions there would be many a lawyer rising and protesting. I suggest that is exactly the situation we find ourselves in this afternoon, and I hope we will govern ourselves accordingly.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. FERNANDEZ. Has any consideration been given to the fact that when these State rehabilitation agencies were established they could be considered merely as an agency of the Government?



Mr. HESELTON. There is not any question. It is in the public records that Massachusetts and New Mexico and one other State were so considered in the way they handled their funds. I think this is a complex, legal problem, with a great deal of equity woven into it. I want to see North Carolina or any other State treated properly, but there is a place to decide that issue, and that is the courts, not here.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. COOLEY. The gentleman prefers to have 43 law suits instituted?

Mr. HESELTON. That is not necessary; one law suit could handle the whole thing.

Mr. COOLEY. All right; let me ask one further question. By virtue of what law can these funds possibly under any circumstances revert to the Federal Treasury?

Mr. HESELTON. I think the very fact that the purposes of the trust have been completed is sufficient. The money or the assets are in the hands of the Treasury.

Mr. COOLEY. Where did the gentleman get that information?

Mr. HESELTON. From the committee report.

Mr. COOLEY. The gentleman could not have gotten it from the committee report, because it is not in the committee's report.

Mr. HESELTON. I read Mr. Brannan's statement, and I assume that he knows what he is talking about.

Mr. COOLEY. Mr. Brannan's statement?

Mr. HESELTON. Certainly.

Mr. COOLEY. The facts are that the money is in a separate trust fund.

Mr. HESELTON. I believe it was the Solicitor who wrote the letter, but the letter as signed by Secretary Brannan, a report on the bill.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. CASE of South Dakota. How could it possibly revert to the Federal Treasury in the case of North Dakota where under a decision of Comptroller McCarl the State of North Dakota had to pass an act of the legislature in order to turn it over and then require it to come back to the State?

Mr. HESELTON. I do not know. I think that is why we should let it go to the courts.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, I rise in support of what is described as the Hall amendment.

The Hall amendment is similar to an amendment that I have on the Clerk's desk, and that amendment is the bill introduced by the gentleman from Kansas [Mr. HOPE], in the Eightieth Congress. The gentleman from New York [Mr. HALL], I think, has submitted that bill as his amendment except that some rather minor changes have been made. I want you to know that what you have before you in the so-called Hall amend-

ment is really H. R. 6210 of the Eightieth Congress, introduced by the gentleman from Kansas [Mr. HOPE], upon which hearings were held by the House Committee on Agriculture. I have the hearings before me. I may say to the gentleman from North Carolina, who indicated a few minutes ago that no hearings had been held on this proposal and that it came as a surprise to his committee. He will recognize that this amendment is practically the same as the Hope proposal of the Eightieth Congress that was proposed, as I understand—and if I am wrong the gentleman from Kansas will contradict—was requested by the Department of Agriculture at that time.

You are talking about approximately \$50,000,000 here. Where did that \$50,000,000 come from? It came from the Treasury of the United States, the Federal Treasury in the first place; and, as I understand, the only reason these States are making these claims is because they say that it was apportioned, or part of it was allocated, to the States. But it was Federal money all the time. You are not taking anything away from the States, not at all. We are told here this afternoon over and over again that the purpose for which these funds were allocated has long since expired. The thing we were going to use it for or that the States were expected to use it for has not been done. All we are now doing under this amendment is putting \$50,000,000 back in the Federal Treasury, the place from whence it came and where it belongs. If this House or the Congress decides at some other time to allocate funds to the various States let it do so in an orderly manner by a direct record vote. Let us not have any manipulation of taxpayers' funds. We were told in 1946 that Congress should see that this money would be returned to the Treasury of the United States. That is, any unused funds.

Here is an opportunity to cover back into the Treasury \$50,000,000 of funds that are not yet expended. It is surplus in so-called trust. You should see it is paid back to the Treasury and then see that it is properly accounted for.

(Mr. REES asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Tennessee.

Mr. JENNINGS. As I understand it, this money originally went to the States for the purposes recited in the act from the Federal Government under a congressional act?

Mr. COOLEY. Yes.

Mr. JENNINGS. Somebody is trying to inject a moral bugaboo into this thing by saying it is purely Federal money. Where does the Federal Government get its money except from the people of the States?

Mr. COOLEY. The gentleman is correct, and the money was given to the State corporations. When it was de-

livered to the State corporations it lost its Federal identity and the Federal Government has no earthly right to it.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kentucky.

Mr. CHELF. It seems to me that the bulk of the argument that has been made against the gentleman's bill today has been by Members of those States who would receive little or no money back. It is very much like the illustrious DEWEY SHORT, describes communism; if you have not got anything you want, to share it with everybody. If you have got a little something—then you want it. That's democracy. Well, Kentucky has over \$600,000 in this fund and we would like to get it, because after having read the clause in question in the contract, I feel that we are morally and legally entitled to the fund.

Mr. REES. That does not apply to the State of Kansas.

Mr. COOLEY. No.

Mr. REES. We have \$1,000,000.

Mr. COOLEY. It is more than I thought. But if the gentleman wants to breach a contract that Secretary Claude Wickard made with the people of his State, he has a right to do so. This has the great seal of the Republic of America on it and certainly some credit and consideration should be given this contract. I do not think we ought to let the people lose faith in the Federal Government.

Mr. JENNINGS. One other observation. The State of Tennessee has money in this and I have no compunctions whatever about getting what belongs to my people.

Mr. COOLEY. I thank the gentleman. In reference to the great legal argument we have heard from the gentleman from Massachusetts, I do not know where his information comes from. Everybody familiar with the situation knows that these are continuing trusts. They are actually in operation today and the Farm Home Administration is handling the fund today. Under no law can these funds possibly revert to the Federal Treasury.

I am surprised at the gentleman from Arkansas, great and brilliant lawyer that he is, having so little regard for a legal contract which no doubt was drawn while he was associated with the Solicitor's office. Maybe the gentleman drafted this himself.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The gentleman from Arkansas said that there was a difference between the contract of North Carolina and the other States but all the other States have this provision that in the event the authority of the Secretary of Agriculture or his successor shall cease, then the money goes back to the State. It has ceased in every other State.

Mr. COOLEY. Yes. The only difference between the North Carolina agreement and the other agreements is that our people were smart enough to put a definite termination date in it, to wit, May 20, 1950, which is near at hand. As



the gentleman from Texas [Mr. POAGE] has pointed out, your contract and every other contract has a fixed date of termination.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL] as a substitute for the amendment offered by the gentleman from Kansas [Mr. HOPE].

The question was taken; and on a division (demanded by Mr. EDWIN ARTHUR HALL) there were—ayes 9, noes 88.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 60, noes 80.

Mr. HOPE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. COOLEY and Mr. HOPE.

The Committee again divided; and the tellers reported that there were—ayes 63, noes 78.

So the amendment was rejected.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The remainder of the bill is as follows:

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within 5 years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties shall be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the corporation when accepted by the Secretary on behalf of the United States, that the corporation will abide by the determinations and apportionments of the Secretary provided for in this act and the payments made by the Secretary pursuant to this act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the corporation and the Secretary; and that not to exceed 3 percent of the book value of the corporation's assets will be expended by the corporation for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer

such properties, the application and subsequent agreements may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this act, within 5 years from the effective date hereof or disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

SEC. 3. The provisions of this act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order No. 9070, or otherwise. For the purposes of this act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

SEC. 5. None of the properties or assets held on the date of the approval of this act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this act, except for the purposes authorized under section 2 (d) of this act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

SEC. 7. Section 2 (f) of the act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

With the following committee amendments:

Page 1, line 9, strike out "five" and insert "three."

Page 2, strike out "shall" and insert "may."

Page 4, line 1, strike out "five" and insert "3."

Page 4, line 2, after "or" insert "upon receipt of a."

Page 4, line 6, strike out "miscellaneous receipts in the United States Treasury" and insert "the Treasury of the United States as a revolving fund to be used by the Secretary only within that State for the purposes of and subject to all the provisions of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended."

The committee amendments were agreed to.

[Mr. AUGUST H. ANDRESEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GORE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2392) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, pursuant to House Resolution 382, he reported the bill back to the House



with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. KEATING. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. KEATING. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KEATING moves to recommit the bill to the Committee on Agriculture.

Mr. COOLEY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. KEATING) there were—ayes 50, noes 77.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

*Be it enacted, etc.,* That this act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within 5 years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States, and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties shall be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on be-

half of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in this act and the payments made by the Secretary pursuant to this act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 percent of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this section) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this act, within 5 years from the effective date hereof or disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

SEC. 3. The provisions of this act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order No. 9070, or otherwise. For the purposes of this act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil-service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this act, and in the entering into of agreements with the corporations, or other agencies or officials, designated pur-

suant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) Accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) Make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

SEC. 5. None of the properties or assets held on the date of the approval of this act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this act, except for the purposes authorized under section 2 (d) of this act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to, interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

SEC. 7. Section 2 (f) of the act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

Mr. COOLEY. Mr. Speaker, I offer an amendment to strike out all after the enacting clause and insert the provisions of H. R. 2392, as amended.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: Strike out all after the enacting clause and insert the provisions of the bill H. R. 2392, as amended.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings whereby the bill H. R. 2392 was passed were vacated and that bill was laid on the table.

EUGENIO MAISTERRENA BARRENECHE

The SPEAKER laid before the House the following concurrent resolution (S.







# Congressional Record

United States  
of America

PROCEEDINGS AND DEBATES OF THE 81<sup>st</sup> CONGRESS, SECOND SESSION

Vol. 96

WASHINGTON, MONDAY, MARCH 6, 1950

No. 46

## Senate

(Legislative day of Wednesday, February 22, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Father, in a world that lieth in darkness, swept by fitful winds of despair and doubt, for this hallowed moment we pause at this sheltered sanctuary of Thy grace to make sure that the light within is not dimmed. We lift our soiled and shadowed faces to the one true light, knowing that if we keep our hearts with Thee there is no darkness from without that can quench the light within. In this desperate hour when the world's hope of a bright tomorrow is committed to our frail hands, join us to the great company of unconquered spirits who in evil times have stood their ground, preserving the heritage of man's best, and whose flaming faith has made them as lighted windows amid the encircling gloom. We ask it in the dear Redeemer's name. Amen.

### THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, March 4, 1950, was dispensed with.

### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On March 2, 1950:

S. 481. An act for the relief of the legal guardian of Clarence Herbert Hartman, a minor;

S. 563. An act for the relief of the P. S. Cook Co.;

S. 914. An act for the relief of Gladys Inez Greenwood; and

S. 2520. An act to authorize the sale of certain allotted devised land on the Winnebago Reservation, Nebr.

On March 3, 1950:

S. 226. An act for the relief of E. W. Eaton Coal Co.; and

S. 321. An act for the relief of Lloyd D. Lyles.

On March 4, 1950:

S. 2328. An act to amend section 482 of the Revised Statutes relating to the Board of Appeals in the United States Patent Office.

### CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hickenlooper	Martin
Anderson	Hoey	Maybank
Brewster	Holland	Millikin
Bricker	Humphrey	Morse
Butler	Hunt	Murray
Byrd	Ives	Myers
Cain	Jenner	Neely
Capehart	Johnson, Colo.	O'Connor
Chapman	Johnson, Tex.	O'Mahoney
Connally	Johnston, S. C.	Russell
Cordon	Kefauver	Saltonstall
Darby	Kem	Schoeppel
Donnell	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Dworshak	Knowland	Sparkman
Eastland	Langer	Stennis
Ecton	Lehman	Taft
Ellender	Lodge	Taylor
Ferguson	Long	Thomas, Okla.
Flanders	Lucas	Thomas, Utah
Frear	McCarren	Thye
Fulbright	McCarthy	Tobey
George	McClellan	Tydings
Gillette	McFarland	Watkins
Green	McKellar	Wherry
Gurney	McMahon	Wiley
Hayden	Magnuson	Withers
Hendrickson	Malone	Young

Mr. MYERS. I announce that the Senator from Connecticut [Mr. BENTON] is absent because of illness.

The Senator from California [Mr. DOWNEY] and the Senator from Rhode Island [Mr. LEAHY] are necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from North Carolina [Mr. GRAHAM], the Senator from Alabama [Mr. HILL], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Virginia [Mr. ROBERTSON] is absent by leave of the Senate.

Mr. SALTONSTALL. I announce that the Senator from South Dakota [Mr. MUNDT] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Delaware [Mr. WILLIAMS] is absent because of illness.

The VICE PRESIDENT. A quorum is present.

### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. O'MAHONEY, and by unanimous consent, the Committee on Interior and Insular Affairs was authorized to meet this afternoon during the session of the Senate.

### CORRECTION OF VOTE

Mr. MARTIN. Mr. President, I should like to ask unanimous consent to have my vote changed from "nay" to "yea" in the RECORD of February 20, in the second column on page 2034. I realize that it is a matter I should have observed at the time, but I did not, and it will not make any difference in the action on the amendment which was presented at the time.

Mr. LUCAS. Mr. President, do I correctly understand that the Senator is now seeking unanimous consent to change a vote he cast on the floor of the Senate?

Mr. MARTIN. I desire to correct the RECORD. I intended to vote as I am now indicating, and, as I have said, I should have observed the mistake at the time, but I did not, and the vote agreeing to the amendment was overwhelming.

Mr. LUCAS. If we start such a precedent, there will be no reason why any Senator cannot rise at any time, perhaps days after a vote, and change his vote. I think it would be a very dangerous precedent to establish, I will say to the Senator from Pennsylvania, regardless of how he intended to vote.

Mr. MARTIN. Mr. President, we have a precedent in the RECORD, in the case of a vote cast by the senior Senator from North Dakota [Mr. LANGER] on October 15, 1949. He asked to have his vote changed, and that was done. We have that precedent.

I am frank to confess that my failure to call attention to the matter at the time was due to my own carelessness. If the change would alter the result, I would not be making the request. A Senator should observe how he voted on



the recapitulation, but I did not, and my attention was first called to the matter when a man wrote to me because I made a speech contrary to the way my vote is recorded.

Mr. LUCAS. When the Senator does that, he becomes a statesman. [Laughter.]

Mr. MARTIN. That is not my view. The VICE PRESIDENT. Is the Senator's request based on the fact that he was improperly recorded?

Mr. MARTIN. Mr. President, I wish to change my vote because I feel that there was an error in the RECORD. I am not saying that I did not announce my vote as it is recorded, but it was careless on my part not to observe the way I voted on the recapitulation, so that I could have corrected it at the time. I did not, and I am now asking unanimous consent that I may have my vote recorded in accordance with my views, and in accordance with the address which I made to the Senate.

Mr. LUCAS. Mr. President, will not the Senator withhold the request, and make it perhaps tomorrow, in order that I may consult the Parliamentarian?

Mr. MARTIN. Certainly; I am very glad to do that.

Mr. LUCAS. If the Senator will do that, I shall appreciate it.

#### LIQUIDATION OF TRUSTS UNDER RURAL REHABILITATION PROGRAM

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, which was, to strike out all after the enacting clause and insert:

That this act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act."

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within 3 years from the effective date of this act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding up the corporation when accepted by the Secretary on behalf of the United States, that the corporation will abide by the determinations and apportionments of the Secretary provided for in this act and the payments made by the Secretary pursuant to this act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the corporation and the Sec-

retary; and that not to exceed 3 percent of the book value of the corporation's assets will be expended by the corporation for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this act, within 3 years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into the Treasury of the United States as a revolving fund to be used by the Secretary only within that State for the purposes of and subject to all the provisions of title I, II, and IV of the Bankhead-Jones farm tenant act, as amended.

SEC. 3. The provisions of this act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order No. 9070, or otherwise. For the purposes of this act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees,

salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this act.

SEC. 5. None of the properties or assets held on the date of the approval of this act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this act, except for the purposes authorized under section 2 (d) of this act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this act.

SEC. 7. Section 2 (f) of the act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate accept the amendment of the House.

The motion was agreed to.

#### TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators may be permitted to submit petitions and memorials, introduce bills and joint resolutions, and present routine matters for the RECORD, without debate and without speeches.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### PETITION

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from N. H. Edwards, of Washington, D. C., relating to the filling of the position of apprentice plate printer in the Bureau of Engraving and Printing, which was referred to the Committee on Post Office and Civil Service.







## EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,  
The following favorable reports of nominations were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

Sundry postmasters.

## PENNSYLVANIA FLOOD CONTROL AND RIVERS AND HARBORS PROJECTS—TESTIMONY BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the Record testimony by him on behalf of Pennsylvania flood control and rivers and harbors projects, before the Civil Functions Subcommittee of the Senate Committee on Appropriations, which appears in the Appendix.]

## BROADCASTS BY SENATOR MYERS—NO. 21

[Mr. MYERS asked and obtained leave to have printed in the Record, No. 21 in the series of broadcasts being made by him, which appears in the Appendix.]

## TRADE AND TARIFF AGREEMENTS—ADDRESS BY KING GEORGE VI

[Mr. BUTLER asked and obtained leave to have printed in the Record the address delivered by King George VI to the British Houses of Parliament on March 6, 1950, which appears in the Appendix.]

## PROBLEMS OF THE UNITED STATES IN THE PRESENT WAR—ADDRESS BY GEN. WILLIAM J. DONOVAN

[Mr. MORSE asked and obtained leave to have printed in the Record an address delivered by Gen. William J. Donovan on the occasion of the presentation to him of the Alexander Hamilton award by Columbia University, on February 16, 1950, which appears in the Appendix.]

## THE SENATE AND THE DISPLACED-PERSONS BILL—ADDRESS BY RABBI RICHARD C. HERTZ

[Mr. MORSE asked and obtained leave to have printed in the Record an address entitled "The Senate and the Displaced-Persons Bill—The Truth Behind America's Shame," by Rabbi Richard C. Hertz, assistant rabbi of the Chicago Sinai Congregation, which appears in the Appendix.]

## JOINT COMMITTEE ON NONESSENTIAL FEDERAL EXPENDITURES—NEWSPAPER AND EDITORIAL COMMENT

[Mr. WILLIAMS asked and obtained leave to have printed in the Record a broadcast by Albert L. Warner, an editorial in the Washington Evening Star entitled "A Valuable Publicity Medium," and an editorial entitled "Never Say Senator HUMPHREY Is Opposed to All Retrenchment," from the Baltimore Sun, which appear in the Appendix.]

## PROPOSED PEACE CONFERENCE BETWEEN THE UNITED STATES AND RUSSIA—EDITORIAL FROM THE PORTLAND OREGONIAN

[Mr. MORSE asked and obtained leave to have printed in the Record an editorial entitled "The Door Is Still Open," published in the Portland Oregonian for February 15, 1950, which appears in the Appendix.]

## REPEAL OF WARTIME EXCISE TAXES—EDITORIALS FROM THE CAPITAL PRESS, OF SALEM, OREG.

[Mr. MORSE asked and obtained leave to have printed in the Record two editorials published in the Capital Press, of Salem, Oreg., dealing with the proposed repeal of wartime-excise taxes, which appear in the Appendix.]

## THE COAL STRIKE—EDITORIAL FROM THE WASHINGTON POST

[Mr. THOMAS of Utah asked and obtained leave to have printed in the Record an editorial entitled "Evidence of Contempt," from the Washington Post of March 7, 1950, which appears in the Appendix.]

## L'AFFAIRE COCA-COLA—EDITORIAL FROM THE WASHINGTON EVENING STAR

[Mr. BUTLER asked and obtained leave to have printed in the Record an editorial entitled "L'Affaire Coca-Cola," published in the Washington Evening Star for March 6, 1950, which appears in the Appendix.]

## CONTROL OF MONOPOLY—EDITORIAL BY ALBERT S. GOSS

[Mr. WILEY asked and obtained leave to have printed in the Record an editorial entitled "Monopoly Control," by Albert S. Goss, from the National Grange Monthly for March 1950, which appears in the Appendix.]

## LET'S STOP WALLOWING IN FEAR—EDITORIAL FROM THE WASHINGTON STAR

[Mr. KILGORE asked and obtained leave to have printed in the Record an editorial entitled "Let's Stop Wallowing in Fear," from the Washington Evening Star of March 4, 1950, which appears in the Appendix.]

## IMPORTANCE OF SOIL CONSERVATION—ARTICLE BY MELVIN O. STEEN

[Mr. MORSE asked and obtained leave to have printed in the Record an article entitled "Wake Up America," by Melvin O. Steen, of the Missouri Conservation Commission, which appears in the Appendix.]

## THE GOVERNMENT POTATO PROGRAM—ARTICLE BY GEORGE MINOT

[Mr. BRIDGES asked and obtained leave to have printed in the Record an article entitled "United States Farm Program Must Be Rewritten," by George Minot, from the Boston Herald of March 5, 1950, which appears in the Appendix.]

## COMMUNITY DEVELOPMENT IN ARKANSAS—ARTICLE BY NORMAN KUHNE

[Mr. FULBRIGHT asked and obtained leave to have printed in the Record an article entitled "What This Town Needs," by Norman Kuhne, published in the Nation's Business for February 1950, which appears in the Appendix.]

## HOW PROPAGANDA WORKS—ARTICLE FROM TULSA TRIBUNE

[Mr. JOHNSON of Texas asked and obtained leave to have printed in the Record an article entitled "KERR Denies His Gas Plan To-Bring Increase," from the Tulsa Tribune of Tulsa, Okla., of March 2, 1950, which appears in the Appendix.]

## THE COAL STRIKE—ARTICLE BY ARTHUR KROCK

[Mr. BYRD asked and obtained leave to have printed in the Record an article relative to the settlement of the coal strike, by Arthur Krock, published in the New York Times, which appears in the Appendix.]

## TRIBUTE TO ERNEST L. KURTH

[Mr. CONNALLY asked and obtained leave to have printed in the Record an article entitled "Man of the South for 1949" by Col. Hubert F. Lee, which was published in the magazine Dixie Business, which appears in the Appendix.]

## LIQUIDATION OF TRUSTS UNDER RURAL REHABILITATION PROGRAM

Mr. ANDERSON. Mr. President, I enter a motion to reconsider the vote by which the Senate on yesterday agreed to the amendment of the House to Sen-

ate bill 930, to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

I have conferred with the distinguished senior Senator from Oklahoma [Mr. THOMAS], the chairman of the Senate Committee on Agriculture and Forestry, and I hope it will be agreeable to him that the motion I am entering be agreed to and the bill be sent to conference.

Mr. THOMAS of Oklahoma. Mr. President, there is no objection to the motion so far as I am concerned.

Mr. WHERRY. Mr. President, I wish to make just a brief statement. I am in total agreement with the Senator from New Mexico in filing the motion. In fact, I think that after it is acted on and the vote is reconsidered, the bill should be carefully studied. I want the Record to show that I feel that there should be a reconsideration and that the matter should be gone into thoroughly. This bill was passed on a call of the calendar as a bill of the distinguished Senator from New Mexico, and, in my opinion, the purpose he attempted to achieve has certainly been thwarted. I did not get an opportunity to question what happened yesterday. When the bill comes before the Senate again for consideration, I should like to have the Senator from New Mexico justify the return of the money involved, in view of many things which have happened since 1933 and 1934. Even though the bill was passed, inasmuch as the States have not taken the money, I am wondering whether it is obligatory upon the Congress to keep faith with the authorizations made back in 1933, 1934, and 1935.

Mr. ANDERSON. Mr. President, the principal reason back of my desire to make the motion to reconsider is that the distinguished senior Senator from Colorado [Mr. JOHNSON] objected to the bill when it was on the calendar. I then agreed that certain amendments should be made to the bill. Those amendments were made in the Senate, and the bill went to the House. The bill now comes back to the Senate with the amendments of the Senator from Colorado completely stripped from the bill. I thought that the Senator from Colorado might feel that he had been unfairly treated. That is why I asked the Senator from Oklahoma to take the bill to conference.

The PRESIDENT pro tempore. Does the Senator from New Mexico make the motion?

Mr. ANDERSON. I move that the vote by which the Senate yesterday agreed to the amendment of the House to Senate bill 930 be reconsidered.

The motion was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. HOEY, Mr. ANDERSON, Mr. AIKEN, and Mr. YOUNG conferees on the part of the Senate.



## DISPLACED PERSONS

Mr. McCARRAN. Mr. President, in the course of the first session of this Congress there were inserted in the RECORD copies of quarterly statements of receipts and expenditures of the Citizens' Committee on Displaced Persons, which were filed with the Clerk of the House of Representatives, under the Lobbying Act.

In order that the Senate may be kept abreast of the expenditures of this organization which have been made since the statements were last inserted in the RECORD, I ask unanimous consent that there be inserted in the RECORD a photostatic copy of the statement which was filed with the Clerk of the House of Representatives under the Lobbying Act for the period ended December 31, 1949.

Mr. President, I have prepared an analysis of the contributions and expenditures of the Citizens' Committee on Displaced Persons during the last 3 1/4 years as registered with the Clerk of the House of Representatives under the Lobbying Act. It is to be noted that during this period, the organization has received contributions of \$956,581.27, and has made expenditures of \$955,499.87.

I now ask unanimous consent that there may be inserted in the body of the RECORD the analysis which I have prepared of the receipts and expenditures during the last 3 1/4 years of the citizen's committee on displaced persons.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

CITIZENS' COMMITTEE ON DISPLACED PERSONS—  
ANALYSIS OF CONTRIBUTIONS AND EXPENDITURES

During the last 3 1/4 years, the Citizens' Committee on Displaced Persons has received more than \$956,000 in contributions and has expended more than \$955,000. Of the amount expended more than \$355,000 was for the salaries of employees; more than \$163,000 was paid as expenses for these employees; more than \$43,000 was spent for telephone, telegrams, and cablegrams; more than \$119,000 was spent for stationery, supplies, mimeograph service and printing. Over \$5,000 was paid for furniture, fixtures, and equipment. Items totaling more than \$19,000 were spent for literary services; more than \$7,000 was spent for travel expenses of persons who were not regularly employed by the Citizens' Committee on Displaced Persons. More than \$84,000 was spent for publicity services; more than \$43,000 was paid to attorneys as fees and expenses. Nearly \$7,100 was spent for postage; insurance and rent amounted to more than \$25,000 and nearly \$83,000 was spent for other miscellaneous items including taxes, interest, and payment on a bank loan.

The following table shows the amount contributed and amount expended quarterly by the Citizens' Committee on Displaced Persons as taken from Form A, which is a detailed statement filed with the Clerk of the House of Representatives under the Lobbying Act.

Quarter ending—	Contributions	Expenditures
Dec. 31, 1946.....	\$27,000.00	\$2,487.67
Mar. 31, 1947.....	36,200.00	48,760.61
June 30, 1947.....	200,553.25	136,670.84
Sept. 30, 1947.....	37,845.97	103,295.72
Dec. 31, 1947.....	109,899.70	96,314.72
Mar. 31, 1948.....	139,957.77	149,507.95

	Contributions	Expenditures
Quarter ending—Con.		
June 30, 1948.....	\$122,645.90	\$136,959.32
Sept. 30, 1948.....	34,484.86	30,356.97
Dec. 31, 1948.....	30,498.00	28,336.75
Mar. 31, 1949.....	74,852.84	80,537.75
June 30, 1949.....	66,391.48	61,075.08
Sept. 30, 1949.....	42,680.50	44,758.91
Dec. 31, 1949.....	33,601.00	36,437.58
Total.....	956,581.27	955,499.87

OFFICE OF THE CLERK,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., January 10, 1950.  
CITIZENS' COMMITTEE ON DISPLACED PERSONS,  
New York, N. Y.

DEAR SIR: Receipt is acknowledged of your quarterly statement (Form A) of receipts and expenditures for the period ended December 31, 1949, filed in this office pursuant to the Federal Regulation of Lobbying Act.

Very truly yours,

RALPH R. ROBERTS,  
Clerk of the House of Representatives.

## FORM A

(To be filed quarterly with the Clerk of the House of Representatives only)

DETAILED STATEMENT TO BE FILED, IN DUPLICATE, WITH THE CLERK OF THE HOUSE OF REPRESENTATIVES UNDER THE LOBBYING ACT (Public Law 601, 79th Cong.)

Name: Citizens Committee on Displaced Persons.

Business address: 303 Lexington Avenue, New York.

STATEMENTS TO BE FILED WITH CLERK OF HOUSE  
(If additional space is required, the information may be attached)

(a) Every person receiving any contributions or expending any money for the purposes designated in subparagraph (a) or (b) of section 307 shall file with the Clerk between the first and tenth day of each calendar quarter, a statement containing complete as of the day preceding the date of filing—

## Contributions

(1) The name and address of each person who has made a contribution of \$500 or more not mentioned in the preceding report, except that the first report filed pursuant to this title shall contain the name and address of each person who has made any contribution of \$500 or more to such person since the effective date of this title:

(1) -----	Amount
(2) -----	\$3,601.00

Total sum of contributions reported under (2) ----- 3,601.00

(3) The total sum of all contributions made to or for such person during the calendar year:

(3) -----	Amount
	\$33,601.00

Total sum of contributions reported under (3) ----- 33,601.00

Total sum of contributions reported in previous statement ----- 183,924.82

Grand total of all contributions to date of filing for calendar year ----- 217,525.82

## Expenditures

(4) The name and address of each person to whom an expenditure in one or more items of the aggregate amount or value, within the calendar year, of \$10 or more has been made by or on behalf of such person, and the amount, date, and purpose of such expenditure:

(4) Schedule 1:	Amount
Pay roll -----	\$11,053.53
Travel -----	4,449.27

Total ----- 15,502.80

Schedule 2:	Amount
Expenses -----	20,934.78

Total sum of expenditures reported under

(4) ----- 36,437.58

(5) The total sum of all expenditures made by or on behalf of such person during the calendar year and not stated under paragraph (4):

(5) ----- Total sum of expenditures reported under (5) -----

(6) The total sum of expenditures made by or on behalf of such person during the calendar year:

(6) -----	Amount
	\$36,437.58

Total sum of expenditures reported under

(6) ----- 36,437.58

Total sum of expenditures reported in previous statement -----

186,371.74

Grand total of all expenditures to date of filing for calendar year -----

222,809.32

(b) The statements required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.

## OATH OF PERSON FILING

State of New York,

County of New York, ss:

I, William S. Bernard, being duly sworn, depose (affirm) and say that the foregoing has been examined by me and to the best of my knowledge and belief is a true, correct, and complete declaration.

WILLIAM S. BERNARD.  
Subscribed and sworn to (affirmed) before me this 6th day of January A. D. 1950.

LYDIA CONSTANTINO,  
Notary Public, State of New York.

SCHEDULE I.—Citizens Committee on Displaced Persons, pay-roll and travel expenses, Oct. 1 to Dec. 31, 1949

Name and address	Pay roll	Travel
William S. Bernard, 14 East 80th St., New York	\$2,505.00	\$3,283.79
Hanni Blumenfeld, 310 West 97th St., New York	827.99	64.56
Edwin H. Brown, 6745-1 190th Lane, Fresh Meadows, N. Y.	20.20	-----
Hugh E. Carstensen, 324 East 46th St., New York	604.92	20.48
Lella Fleisher, 3538 W Pl. NW., Washington, D. C.	258.07	7.75
Elizabeth Gardiner, 1005 Battlefield Dr., Nashville, Tenn.	155.77	43.53
Gladys V. Goldberg, 2320 41st St. NW., Washington, D. C.	155.06	4.80
Selma Edith Jersey, 302 West 86th St., New York	886.71	9.90
Emily Lehan, 360 East 50th St., New York	1,224.70	479.09
May McKinsey, 900 West End Ave., New York	1,281.19	24.97
Thelma Plafker, 285 Albany Ave., Brooklyn, N. Y.	525.00	-----







Mr. MARTIN of Massachusetts. And it is the purpose to adjourn over tonight until Monday?

Mr. PRIEST. That is the plan at this time.

Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MARTIN of Massachusetts. I thank the gentleman.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include some resolutions passed by the Committee on Public Lands.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

#### RECLAMATION PROJECTS

Mr. MURDOCK. Mr. Speaker, I insert at this point in the RECORD four resolutions which were adopted by the Public Lands Committee of the House on March 9, 1950, and two acts relating to this procedure, concerning the expenditure of rehabilitation and betterment costs on certain reclamation projects. These resolutions approve the findings of the Secretary of the Interior on these contracts as outlined in his letters to both the Senate Committee on Interior and Insular Affairs and to the Public Lands Committee on the House of Representatives.

On October 7, 1949, the President approved an act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects, and on March 3, this year, an act was approved amending that act to a slight degree, whereby it becomes possible for the above-named committees to express their approval of the determination by the Secretary of the Interior of the terms of a contract for the repayment of rehabilitation and betterment costs on reclamation projects.

These resolutions are in relation to the Grand Valley project, in Colorado; the Midvale irrigation district, Riverton reclamation project, in Wyoming; the Goshen and Gering and Fort Laramie irrigation districts, North Platte reclamation project, in Wyoming and Nebraska; and the Salt River Valley Water Users' Association, Salt River project, in Arizona.

The two acts referred to and the resolutions which were adopted on March 9, 1950, by the Public Lands Committee of the House are also included.

Resolution concerning the expenditure of rehabilitation and betterment funds on the Garfield gravity division, Grand Valley project, Colorado

Whereas the act of October 7, 1949 (Public Law No. 335, 81st Cong., 1st sess.), as amended by the act of March 3, 1950 (Public Law 451, 81st Cong., 2d sess.), provides that expenditure of funds specifically appropriated for

rehabilitation and betterment of irrigation systems on projects governed by the Federal reclamation laws shall be made only after the organizations shall have obligated themselves for the return thereof in installments fixed in accordance with their ability to pay, as determined by the Secretary of the Interior; and

Whereas the determination of the Secretary of the Interior does not become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives or on a date prior to the expiration of such 60 days in any case in which each such committee approves an earlier date and notifies the Secretary, in writing, of such approval; and

Whereas in a letter dated February 24, 1950, the Secretary of the Interior submitted to the Committee on Public Lands his findings relating to the return of rehabilitation and betterment funds to be expended on the Garfield gravity division, Grand Valley project, Colorado; and

Whereas the Committee on Public Lands has, in session with a quorum present, this day approved the findings of the Secretary of the Interior in these premises: Now, therefore, be it

*Resolved*, That the Committee on Public Lands give notice in writing to the Secretary of the Interior of its approval of his determination in these premises.

COMMITTEE ON PUBLIC LANDS,  
J. HARDIN PETERSON, *Chairman*.

Adopted this 9th day of March 1950.

Resolution concerning the expenditure of rehabilitation and betterment funds on the Midvale irrigation district, Riverton reclamation project, Wyoming

Whereas the act of October 7, 1949 (Public Law 335, 81st Cong., 1st sess.), as amended by the act of March 3, 1950 (Public Law 451, 81st Cong., 2d sess.), provides that expenditure of funds specifically appropriated for rehabilitation and betterment of irrigation systems on projects governed by the Federal reclamation laws shall be made only after the organizations shall have obligated themselves for the return thereof in installments fixed in accordance with their ability to pay, as determined by the Secretary of the Interior; and

Whereas the determination of the Secretary of the Interior does not become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives or on a date prior to the expiration of such 60 days in any case in which each such committee approves an earlier date and notifies the Secretary, in writing, of such approval; and

Whereas in a letter dated January 23, 1950, the Secretary of the Interior submitted to the Committee on Public Lands his findings relating to the return of rehabilitation and betterment funds to be expended on the Midvale irrigation district, Riverton reclamation project, Wyoming; and

Whereas the Committee on Public Lands has, in session with a quorum present, this day approved the findings of the Secretary of the Interior in these premises: Now, therefore, be it

*Resolved*, That the Committee on Public Lands give notice in writing to the Secretary of the Interior of its approval of his determination in these premises.

COMMITTEE ON PUBLIC LANDS,  
J. HARDIN PETERSON, *Chairman*.

Adopted this 9th day of March, 1950.

Resolution concerning the expenditure of rehabilitation and betterment funds on the Goshen and Gering and Fort Laramie irrigation districts, North Platte reclamation project, Wyoming and Nebraska

Whereas the act of October 7, 1949 (Public Law 335, 81st Cong., 1st sess.), as amended by the act of March 3, 1950 (Public Law 451, 81st Cong., 2d sess.) provides that expenditure of funds specifically appropriated for habilitation and betterment of irrigation systems on projects governed by the Federal reclamation laws shall be made only after the organizations shall have obligated themselves for the return thereof in installments fixed in accordance with their ability to pay, as determined by the Secretary of the Interior; and

Whereas the determination of the Secretary of the Interior does not become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives or on a date prior to the expiration of such 60 days in any case in which each such committee approves an earlier date and notifies the Secretary, in writing, of such approval; and

Whereas in a letter dated February 27, 1950, the Secretary of the Interior submitted to the Committee on Public Lands his findings relating to the return of rehabilitation and betterment funds to be expended on the Goshen and Gering and Fort Laramie irrigation districts, North Platte reclamation project, Wyoming and Nebraska; and

Whereas the Committee on Public Lands has, in session with a quorum present, this day approved the findings of the Secretary of the Interior in these premises: Now, therefore, be it

*Resolved*, That the Committee on Public Lands give notice in writing to the Secretary of the Interior of its approval of his determination in these premises.

COMMITTEE ON PUBLIC LANDS,  
J. HARDIN PETERSON, *Chairman*.

Adopted this 9th day of March 1950.

Resolution concerning the expenditure of rehabilitation and betterment funds on the Salt River Valley Water Users' Association, Salt River project, Arizona

Whereas the act of October 7, 1949 (Public Law 335, 81st Cong., 1st sess.), as amended by the act of March 3, 1950 (Public Law 451, 81st Cong., 2d sess.), provides that expenditure of funds specifically appropriated for rehabilitation and betterment of irrigation systems on projects governed by the Federal reclamation laws shall be made only after the organizations shall have obligated themselves for the return thereof in installments fixed in accordance with their ability to pay, as determined by the Secretary of the Interior; and

Whereas the determination of the Secretary of the Interior does not become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives or on a date prior to the expiration of such 60 days in any case in which each such committee approves an earlier date and notifies the Secretary, in writing, of such approval; and

Whereas in a letter dated February 13, 1950, the Secretary of the Interior submitted to the Committee on Public Lands his findings relating to the return of rehabilitation and betterment funds to be expended on the Salt River Valley Water Users' Association, Salt River project, Arizona; and



Whereas the Committee on Public Lands has, in session with a quorum present, this day approved the finding of the Secretary of the Interior in these premises: Now, therefore, be it

*Resolved*, That the Committee on Public Lands give notice in writing to the Secretary of the Interior of its approval of his determination in these premises.

COMMITTEE ON PUBLIC LANDS,  
J. HARDIN PETERSON,  
*Chairman.*

Adopted this 9th day of March 1950.

[Public Law 335—81st Cong.]

[Ch. 650—1st sess.]

H. R. 1694

An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects

*Be it enacted, etc.*, That expenditures of funds hereafter specifically appropriated for rehabilitation and betterment of irrigation systems on projects governed by the Federal reclamation laws (act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto) shall be made only after the organizations concerned shall have obligated themselves for the return thereof in installments fixed in accordance with their ability to pay, as determined by the Secretary of the Interior in the light of their outstanding repayment obligations, and which shall, to the fullest practicable extent, be scheduled for return with their construction charge installments or otherwise scheduled as he shall determine. No such determination of the Secretary of the Interior shall become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives. The term "rehabilitation and betterment," as used in this act, shall mean maintenance, including replacements, which cannot be financed currently, as otherwise contemplated by the Federal reclamation laws in the case of operation and maintenance costs, but shall not include construction, the costs of which are returnable, in whole or in part, through "construction charges" as that term is defined in section 2 (d) of the Reclamation Project Act of 1939 (53 Stat. 1187). Such rehabilitation and betterment work may be performed by contract, by force-account, or, notwithstanding any other law and subject only to such reasonable terms and conditions as the Secretary of the Interior shall deem appropriate for the protection of the United States, by contract entered into with the organization concerned whereby such organization shall perform such work.

SEC. 2. This act shall be deemed a supplement to the Federal reclamation laws.

Approved October 7, 1949.

[Public Law 451—81st Cong.]

[Ch. 47—2d sess.]

H. R. 7220

An act to expedite the rehabilitation of Federal reclamation projects in certain cases

*Be it enacted, etc.*, That the second sentence of the act entitled "An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects", approved October 7, 1949, is amended by striking out the period at the end thereof and inserting a semicolon and the following: "except that, any such determination may become effective prior to the expiration of such 60 days in any case in which each such committee approves an earlier date and notifies the Secretary, in writing, of such approval: *Provided*, That when Congress is not in session the Secretary's determination if accompanied by a finding by the Secretary that substantial hardship to the water users

concerned or substantial further injury to the project works will result, shall become effective when the chairman and ranking minority member of each such committee shall file with the Secretary their written approval of said findings."

Approved March 8, 1950.

#### STATE RURAL REHABILITATION CORPORATIONS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina. [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. COOLEY, PACE, POAGE, HOPE, and AUGUST H. ANDRESEN.

#### EXTENSION OF REMARKS

Mr. BOYKIN (at the request of Mr. PETERSON), Mr. LINEHAN (at the request of Mr. MCSWENEY), and Mr. CHUDOFF (at the request of Mr. HOLIFIELD) were given permission to extend their remarks in the RECORD.

Mr. PRICE and Mr. HOLIFIELD asked and were given permission to extend their remarks in the RECORD.

Mr. HARRIS asked and was given permission to extend his remarks in the RECORD and include a communication.

Mr. CARNAHAN asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. MADDEN asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. LECOMPTÉ asked and was given permission to extend his remarks in the RECORD and include a report of the Wayne County Soil Conservation District.

Mr. HESELTON asked and was given permission to revise and extend the remarks he made on the conference report on House Joint Resolution 398 and include certain correspondence.

Mr. BARRETT of Wyoming asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD in three instances and include extraneous matter.

Mr. CURTIS asked and was given permission to extend his remarks in the RECORD and include a statement he made before the Senate Finance Committee today.

Mr. CURTIS asked and was given permission to extend his remarks in the RECORD following the last special order today.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include a letter and a resolution passed by the Women of Latin America Conference.

Mr. REED of Illinois asked and was given permission to extend his remarks in the RECORD and include an address by Col. Robert M. Woodward, of Chicago.

Mr. SAYLOR asked and was given permission to extend his remarks in the RECORD and include an editorial with regard to Hon. JAMES E. VAN ZANDT.

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD and include some printed matter.

Mr. JENISON asked and was given permission to extend his remarks in the RECORD and include an address by Harold E. Stassen.

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two instances, and in one to include an address on that great Irish-American hero, Commodore John Barry.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. BRYSON. Mr. Speaker, on yesterday I was given permission to extend my remarks in the RECORD and include an article on aviation. I am informed by the Public Printer that it is estimated to make three pages of the RECORD at a cost of \$246, but I ask unanimous consent that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MARTIN of Iowa. Mr. Speaker, the other day I was given permission to extend my remarks in the RECORD and include an article. I am informed by the Public Printer that it will make 5½ pages of the RECORD, at a cost of \$451. I ask unanimous consent that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### SOCIAL SECURITY

Mr. EBERHARTER. Mr. Speaker, I am quite intrigued by the fact that one of my colleagues has suddenly blossomed into a writer of serials. He is turning out, chapter by chapter, his own version of the social-security law.

The serial he is now daily pumping into the CONGRESSIONAL RECORD reminds one of a trite soap opera.

These distorted epistles on social security must be confusing to the reader.

Today's chapter deals with old people not covered by social security.

Yet the author of these little daily gems has not supported any movement on the floor of this House to bring in under the social-security system millions of farm workers, domestics, and others not now covered.







## RURAL REHABILITATION CORPORATION TRUST LIQUIDATION ACT

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MARCH 31, 1950.—Ordered to be printed

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Mr. COOLEY, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany S. 930]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to inserted by the House amendment insert the following: *That this Act may be cited as the "Rural Rehabilitation Corporation Trust Liquidation Act"*.

SEC. 2. (a) *The Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.*

(b) *The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.*

(c) *An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the deter-*



minations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds of properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: Provided, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this Act, within three years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2 (c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

SEC. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this

*Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.*

SEC. 4. *For the purposes of this Act, the Secretary shall have the power to—*

(a) *employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;*

(b) *accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;*

(c) *make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.*

SEC. 5. *None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.*

SEC. 6. (a) *The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official des-*

*rignated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.*

*(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.*

*SEC. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed.*

And the House agree to the same.

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
CLIFFORD R. HOPE,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
CLYDE R. HOEY,  
CLINTON P. ANDERSON,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,

*Managers on the Part of the Senate.*



## STATEMENTS OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The bill S. 930, and a companion bill, H. R. 2392, were identical at the time they were introduced in the respective Houses. S. 930 was adopted by the Senate without substantial change from its original form, whereas H. R. 2392 was amended in committee and the committee amendments were adopted by the House. Upon the adoption by the House of H. R. 2392, the Senate bill (S. 930) was taken from the Speaker's table, the language of the House bill (H. R. 2392, as amended) was substituted for the language of the Senate bill and S. 930 was thereupon adopted by the House. The bill before the committee of conference, therefore, was S. 930, as amended by substitution of the House language for the entire text of S. 930 as it had passed the Senate. In agreeing to the amendment recommended herewith, the committee of conference has accepted the 3-year option period provided in the House bill. It has left unchanged the right of the States to demand the return of the trust assets during this 3-year period and the provisions as to the manner in which those assets are to be used upon their return to the respective States.

In the matter of the disposal of trust assets other than those returned outright to the States, the amendment agreed to by the committee of conference strikes out that provision of the House bill which in the absence of an application for a return of the trust assets, would have placed such assets in a revolving fund to be used within the State for purposes of the Bankhead-Jones Farm Tenant Act, and includes a new provision, appearing as section 2 (f) of the conference report, which is in the nature of a compromise between the Senate and House provisions. This section authorizes the Secretary of Agriculture to enter into agreement with any State rural rehabilitation corporation, or other State agency having official jurisdiction of the trust assets which have been returned pursuant to the provisions of this act, for the administration of such funds by the Secretary, together with any other funds which may be transferred to the Secretary by the respective States, for carrying out within the State the general purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act. This will permit States which want to have these funds administered by the Federal Government to provide by agreement a program very similar to that in effect in the past.

In the bill as adopted by the House, there were the following two methods of disposing of these funds: (1) Return to the States upon proper demand (identical with the provisions of the Senate bill);

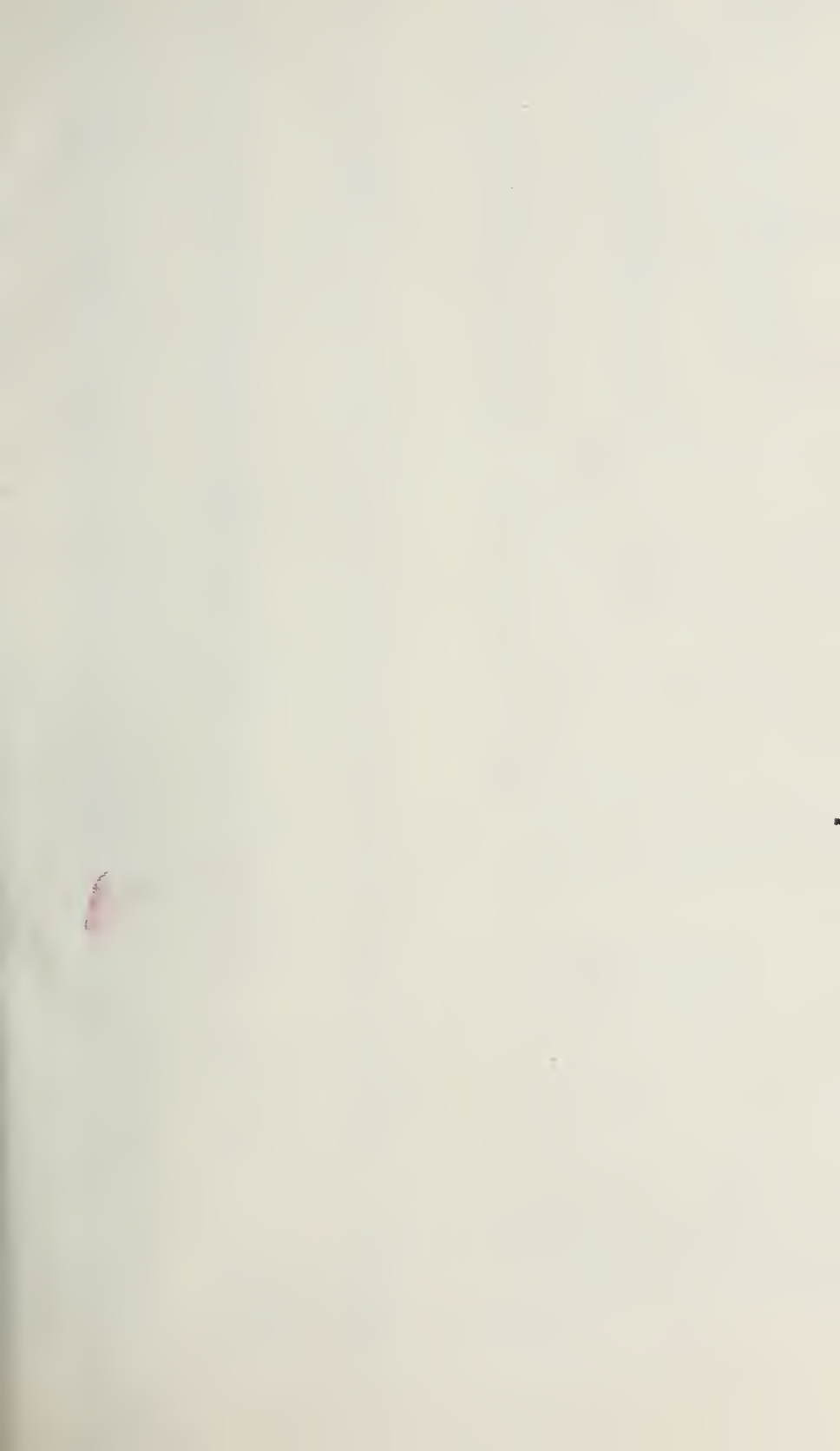
(2) upon waiver by a State or failure to assert its claim within the time limitation, the placing of such funds in a special revolving fund to be used for the general purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act within the respective States.

The conference amendment reported herewith authorizes disposition of the funds under the following alternatives: (1) Outright return to the States (the same as provided by both the House and Senate bills); (2) the return of title in the assets to the States with authority for the Secretary of Agriculture and the States to make a new agreement for the administration by him of such assets; (3) the covering of such assets into the miscellaneous receipts of the Treasury if, upon the expiration of the 3-year period, the State has not exercised its option to claim the assets and have them administered under either of the two provisions described above.

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
CLIFFORD R. HOPE,  
*Managers on the Part of the House.*









Bates, Mass.  
Beall  
Beckworth  
Bentsen  
Biemiller  
Blackney  
Blatnik  
Boggs, Del.  
Boggs, La.  
Bolling  
Bolton, Md.  
Bolton, Ohio  
Bonner  
Bosone  
Boykin  
Breen  
Brooks  
Brown, Ga.  
Bryson  
Buchanan  
Buckley, N. Y.  
Burke  
Burleson  
Burnside  
Burton  
Byrne, N. Y.  
Camp  
Canfield  
Cannon  
Carlyle  
Carnahan  
Case, N. J.  
Chatham  
Chelf  
Christopher  
Chudoff  
Clemente  
Cole, Kans.  
Cole, N. Y.  
Colmer  
Combs  
Cooley  
Cooper  
Corbett  
Cotton  
Coudert  
Cox  
Crook  
CROSSER  
Cunningham  
Dague  
Davenport  
Davies, N. Y.  
Davis, Ga.  
Davis, Tenn.  
Deane  
DeGraffenried  
Delaney  
Denton  
Dingell  
Dollinger  
Dolliver  
Donohue  
Doyle  
Durham  
Eberhart  
Elliott  
Eiston  
Engel, Mich.  
Engle, Calif.  
Evins  
Fallon  
Feighan  
Fernandez  
Fisher  
Flood  
Fogarty  
Forand  
Ford  
Frazier  
Fugate  
Fulton  
Furcolo  
Gamble  
Garmatz  
Gary  
Gathings  
Goodwin  
Gordon  
Gore  
Gorski  
Gossett  
Granahan

Granger  
Green  
Gregory  
Hall  
Edwin Arthur  
Hall  
Leonard W.  
Halleck  
Hardy  
Hare  
Harris  
Harrison  
Hart  
Harvey  
Havener  
Hays, Ark.  
Hays, Ohio  
Heffernan  
Heller  
Herlong  
Herter  
Heseltun  
Hinshaw  
Hobbs  
Hollfield  
Holmes  
Hope  
Horan  
Howell  
Huber  
Irving  
Jackson, Calif.  
Jackson, Wash.  
Jacobs  
Javits  
Johnson  
Jones, Ala.  
Jones, Mo.  
Jones, N. C.  
Judd  
Karst  
Karsten  
Kean  
Kearney  
Kearns  
Keating  
Kee  
Kelly, N. Y.  
Kennedy  
Keogh  
Kerr  
Kilburn  
Kilday  
King  
Kirwan  
Klein  
Lane  
Lanham  
Latham  
LeCompte  
LeFevre  
Lesinski  
Lind  
Linehan  
Lodge  
Lucas  
Lyle  
Lynch  
McCarthy  
McConnell  
McCormack  
McDonough  
McGrath  
McGuire  
McKinnon  
McMillan, S. C.  
McMillen, Ill.  
McSweeney  
Mack, Ill.  
Mack, Wash.  
Madden  
Magee  
Mahon  
Mansfield  
Marsalis  
Marshall  
Martin, Mass.  
Merroy  
Michener  
Miller, Calif.  
Miller, Md.  
Mills  
Mitchell

## NAYS—86

Abernethy  
Allen, Ill.  
Allen, La.  
Andersen  
H. Carl  
Andresen  
August H.  
Barrett, Wyo.  
Bennett, Mich.

Bishop  
Bramblett  
Brehm  
Brown, Ohio  
Byrnes, Wis.  
Case, S. Dak.  
Chipherfield  
Clevenger  
Curtis

Monroney  
Morgan  
Morrison  
Morton  
Moulder  
Multer  
Murdock  
Murray, Tenn.  
Nicholson  
Noland  
Norblad  
Norrell  
O'Brien, Ill.  
O'Brien, Mich.  
O'Hara, Ill.  
O'Neill  
O'Sullivan  
O'Toole  
Pace  
Patman  
Patten  
Patterson  
Perkins  
Peterson  
Pfeiffer  
Joseph L.  
Phillips  
Pickett  
Plumley  
Poage  
Polk  
Poulson  
Preston  
Price  
Priest  
Quinn  
Rabaut  
Rains  
Ramsay  
Redden  
Regan  
Rhodes  
Richards  
Rodino  
Rogers, Fla.  
Rogers, Mass.  
Rooney  
Roosevelt  
Sadlak  
St. George  
Sasser  
Saylor  
Scott, Hardie  
Scott,  
Hugh D., Jr.  
Scudder  
Shelley  
Sheppard  
Sims  
Smith, Va.  
Spence  
Steed  
Stigler  
Sullivan  
Talle  
Tauriello  
Taylor  
Teague  
Thomas  
Thompson  
Thornberry  
Tollefson  
Trimble  
Underwood  
Van Zandt  
Vinson  
Vorys  
Wadsworth  
Wagner  
Walsh  
Whittington  
Wickersham  
Widnall  
Wier  
Wigglesworth  
Wilson, Okla.  
Wilson, Tex.  
Wolverton  
Woodhouse  
Worley  
Yates  
Young  
Zablocki

## NOT VOTING—58

Angell  
Bailey  
Barden  
Battle  
Bennett, Fla.  
Buckley, Ill.  
Bulwinkle  
Burdick  
Carroll  
Cavalcante  
Celler  
Chesney  
Crawford  
Dawson  
Doughton  
Douglas  
Eaton  
Fellows  
Gilmer  
Grant  
Hale  
Hébert  
Hedrick  
Hoffman, Ill.  
Hull  
James  
Kelley, Pa.  
Kruse  
Kunkel  
Lichtenwalter  
Love  
McGregor  
Macy  
Miles  
Murphy  
Nelson  
Nixon  
Norton  
O'Konski  
Pfeiffer,  
William L.  
Powell

So the bill was passed.  
The Clerk announced the following pairs:

On this vote:  
Mr. Angell for, with Mr. Wheeler against.  
Mr. Eaton for, with Mr. Smith of Ohio against.  
Mr. Hale for, with Mr. Crawford against.  
Mr. Carroll for, with Mr. Hull against.  
Mr. Battle for, with Mr. Hoffman of Illinois against.  
Mr. James for, with Mr. Macy against.  
Mr. Celler for, with Mr. Wood against.  
Mr. Lichtenwalter for, with Mr. Sadowski against.  
Mr. Riehlman for, with Mr. O'Konski against.  
Mr. Kelley of Pennsylvania for, with Mr. Reed of New York against.  
Mr. Stanley for, with Mr. Towe against.  
Mr. Gilmer for, with Mr. Burdick against.  
Mr. Dawson for, with Mr. McGregor against.  
Mr. Hébert for, with Mr. Love against.  
Mr. Walter for, with Mr. Powell against.  
Mr. Ribicoff for, with Mr. Cavalcante against.

## Until further notice:

Mr. Welch with Mr. Kunkel.  
Mr. Whitaker with Mr. Fellows.  
Mrs. Douglas with Mr. Wolcott.  
Mr. Bailey with Mr. Nelson.  
Mr. Chesney with Mr. Nixon.

Mr. SIKES changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

ADJOURNMENT OF THE HOUSE FROM  
APRIL 6, 1950, TO APRIL 18, 1950

Mr. McCORMACK. Mr. Speaker, I offer a resolution (H. Con. Res. 193) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

*Resolved by the House of Representatives, (the Senate concurring), That when the House adjourns on Thursday, April 6, 1950, it stand adjourned until 12 o'clock meridian, Tuesday, April 18, 1950.*

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

## CORRECTION OF RECORD

Mrs. BOLTON of Ohio. Mr. Speaker, I ask unanimous consent to make certain corrections in the permanent Record.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

LIQUIDATION OF TRUSTS—STATE RURAL  
REHABILITATION CORPORATIONS

Mr. COOLEY submitted the following conference report and statement on the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes:

## CONFERENCE REPORT (H. REPT. NO. 1865)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the Rural Rehabilitation Corporation Trust Liquidation Act."

"Sec. 2. (a) The Secretary of Agriculture (hereinafter referred to as the 'Secretary') is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

"(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

"(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom



will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

"(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

"(e) In the event no application is made, as provided for in this Act, within three years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

"(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2 (c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend, and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

"Sec. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corpora-

tions, or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

"Sec. 4. For the purposes of this Act, the Secretary shall have the power to—

"(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

"(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

"(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

"Sec. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

"Sec. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

"(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

"Sec. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed."

And the House agree to the same.

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
CLIFFORD R. HOPE,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
CLYDE R. HOEY,  
CLINTON P. ANDERSON,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The bill S. 930, and a companion bill, H. R. 2392, were identical at the time they were introduced in the respective Houses. S. 930 was adopted by the Senate without substantial change from its original form, whereas H. R. 2392 was amended in committee and the committee amendments were adopted by the House. Upon the adoption by the House of H. R. 2392, the Senate bill (S. 930) was taken from the Speaker's table, the language of the House bill (H. R. 2392, as amended) was substituted for the language of the Senate bill and S. 930 was thereupon adopted by the House. The bill before the committee of conference, therefore, was S. 930; as amended by substitution of the House language for the entire text of S. 930 as it had passed the Senate. In agreeing to the amendment recommended herewith, the committee of conference has accepted the 3-year option period provided in the House bill. It has left unchanged the right of the States to demand the return of the trust assets during this 3-year period and the provisions as to the manner in which those assets are to be used upon their return to the respective States.

In the matter of the disposal of trust assets other than those returned outright to the States, the amendment agreed to by the committee of conference strikes out that provision of the House bill which, in the absence of an application for a return of the trust assets, would have placed such assets in a revolving fund to be used within the State for purposes of the Bankhead-Jones Farm Tenant Act, and includes a new provision, appearing as section 2 (f) of the conference report, which is in the nature of a compromise between the Senate and House provisions. This section authorizes the Secretary of Agriculture to enter into agreement with any State rural rehabilitation corporation, or other State agency having official jurisdiction of the trust assets which have been returned pursuant to the provisions of this act, for the administration of such funds by the Secretary, together with any other funds which may be transferred to the Secretary by the respective States, for carrying out within the State the general purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act. This will permit States which want to have these funds administered by the Federal Government to provide by agreement a program very similar to that in effect in the past.

In the bill as adopted by the House, there were the following two methods of disposing



of these funds: (1) Return to the States upon proper demand (identical with the provisions of the Senate bill); (2) upon waiver by a State or failure to assert its claim within the time limitation, the placing of such funds in a special revolving fund to be used for the general purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act within the respective States.

The conference amendment reported herewith authorizes disposition of the funds under the following alternatives: (1) Outright return to the States (the same as provided by both the House and Senate bills); (2) the return of title in the assets to the States with authority for the Secretary of Agriculture and the States to make a new agreement for the administration by him of such assets; (3) the covering of such assets into the miscellaneous receipts of the Treasury if, upon the expiration of the 3-year period, the State has not exercised its option to claim the assets and have them administered under either of the two provisions described above.

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
CLIFFORD R. HOPE,

*Managers on the Part of the House.*

AMENDING THE NATURAL GAS ACT APPROVED JUNE 21, 1938, AS AMENDED

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 531 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That immediately upon the adoption of this resolution the bill (H. R. 1758) to amend the Natural Gas Act approved June 21, 1938, as amended, with Senate amendment thereto, be, and the same is hereby taken from the Speaker's table to the end that the Senate amendment be, and the same is hereby, agreed to.

Mr. LYLE. Mr. Speaker, certain members of the Rules Committee have instructed me to ask for the unanimous consent of the House for an additional 1 hour in which to discuss this measure. I now make that unanimous-consent request.

THE SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. TACKETT. Mr. Speaker, I object.

Mr. LYLE. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, while the procedure under this resolution is not unusual it becomes necessary in the face of the objections to the request by the gentleman from Arkansas [Mr. HARRIS] to take from the Speaker's table H. R. 1758 and to agree to the Senate amendments.

H. R. 1758 was passed by this House after several hours of debate last fall. After many hours of full and complete debate it passed the Senate. The amendments of the Senate do not in any degree change the basic principle of this bill. In fact, the only change of consequence is to improve the bill by providing for a continuing study of the problem of production, sale, and use of gas by the Federal Power Commission.

No purpose could be served—none at all—in sending the bill to conference.

Mr. Speaker, not 25 Members of this body would vote against this resolution or this bill if the Members of this body individually had the time to study the issue.

It is simple, fair, and in the tradition of the American system of free enterprise.

Unfortunately, no measure that I can remember has ever been so falsely and maliciously and deliberately misrepresented.

In the very short time that I shall take, I can, I am sure, dispel much of the artificial fog that has been thrown up in an effort to cover up the real issue. Time does not permit, nor is it necessary, I am sure, for me to argue at length. I shall make categoric statements. I can and I do back them up. I know the issues involved. I know this legislation, its history and intent. I know the gas industry and all of its phases. I have no interest other than that of a legislator and approach this matter with entire objectivity.

The measure passed by the House and Senate does not change the intent of the original Natural Gas Act as it was passed in 1938 and subsequently amended.

This measure does not affect the legal authority of the Federal Power Commission as it has existed during the past 12 years.

This measure does not take away any power or authority that has ever been granted the Federal Power Commission by statute.

This measure will not result in any new philosophy in the relationship of the Federal Government to the producer or users of natural gas.

This measure does not exempt any company or individual that is presently subject to the regulation of the Federal Power Commission by statute.

This measure does not grant new freedom to the producers and gatherers of natural gas.

This measure does not affect the price of natural gas sold by independent producers.

This measure does not have as its intent nor as its purpose the increase of cost of gas to the consumer.

This measure will not result—and I state this advisedly—will not result in an increase in cost of gas to the consumer.

Why then, Mr. Speaker, am I here asking this body to approve this legislation? I am here because a creature of this body, the Federal Power Commission, through some of its members, has threatened to change the law of the land without benefit of Congress and to extend its authority and operation and its control in direct contravention of the statutory law. This Congress has the sole authority under the Constitution to make the laws of this land. With you, I am jealous of that right and with you I fight to protect it against the insidious encroachment of any board, bureau, or official.

I am here because the courts of this land have recommended that the Congress state clearly the authority of the Federal Power Commission. I am here because the Federal Power Commission itself, in writing, requested similar legislation with the O. K. of the President of the United States. I am here because you and I know that we cannot long retain our system of government unless we protect the dignity and power and authority of the legislative body.

Mr. Speaker, this measure does one thing and one thing only—it says in clear and unmistakable language that the provisions of the Natural Gas Act of 1938 which specifically exempt the independent producers and gatherers of gas from the control and regulation of the Federal Power Commission meant what it said.

It was the intent of Congress then; it is the intent of Congress now. It was and has been the law and will remain the law until changed by Congress.

Mr. Speaker, this issue is as simple as I have stated it. I would not mislead this body. The most unfortunate thing, Mr. Speaker, about this entire measure is the good, sound-thinking people who have been misled by lies and misrepresentations that have been deliberately planted by paid propagandists, as vicious and unscrupulous and as untrustworthy as those writing for any Russian news agency. It is always sad and disillusioning to see good men fall for false bait and to see them in all sincerity take on the responsibility of repeating the misinformation and false conclusions that have been maliciously and cunningly planted in their minds.

Sir, no one can deny, who will take the trouble to read this legislation, that it but reiterates and affirms that which has been the law of the land for 12 years, and under that law, during the past 12 years, the cost of natural gas to the consumer has gone down 12 percent while the cost of coal was going up 200 percent.

Who then, Mr. Speaker, could question the soundness of a law that has brought cheap fuel to millions of consumers?

I say to you with all of the sincerity that I have, with a lifetime of study of this problem, that the passage of this measure will permit the industry to continue to supply millions of more people at rates considerably below that which they are today.

It not only will not increase the cost to the consumer but it will reduce the cost to the consumer.

The House has passed upon this issue favorably, as has the Senate. Let us now send it to the President's desk for his signature.

Mr. Speaker, I sincerely want, and hope that I have, the respect of this body. I hope that the members believe me. But if they do not, then I sincerely request that they talk with and listen to the great Speaker of the House, who in all of his many years of glorious service has had but one thing to offer to the American people—that is, clean, honest service and a mind dedicated to the public interest. Or, if they do not care to listen to him, then the able minority leader who served with such distinction as Speaker of this House, or to the able majority leader or majority whip or the minority whip, or to the able gentleman from Arkansas [Mr. HARRIS].

This measure is fair; it is right, it is in the American tradition and it can but result in good for all of the people involved.

(Mr. LYLE asked and was given permission to revise and extend his remarks.)



Mr. LYLE. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may desire.

Mr. YATES. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, under the terms of this rule we are asked to approve an amendment which has been added by the other body. Is it in order to request that that amendment, which has not been read to the House, be read at this time?

The SPEAKER. It may be done by unanimous consent.

Mr. YATES. Mr. Speaker, I ask unanimous consent that the amendment added by the other body be read to the House at this time.

The SPEAKER. That will come out of the time of the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. I yield for that purpose, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That subsection (b) of section 1 of the Natural Gas Act, approved June 21, 1938, is amended (1) by inserting after the word 'but' the words 'except as provided in subsequent sections of this act,' and (2) by inserting before the period at the end thereof the following: 'or to any arm's length sale of natural gas made by one producer or gatherer to another producer or gatherer or made at or prior to the point of delivery of such gas into interstate transmission facilities (of a natural-gas company) or to incidental transportation of natural gas necessary for delivery of such gas to such other producer or gatherer or into interstate transmission facilities (of a natural-gas company): *Provided*, That such arm's length sale and incidental transportation are by a producer or gatherer not otherwise engaged in and not controlled by or controlling a person otherwise engaged in the transportation or sale of natural gas for resale in interstate commerce."

"Sec. 2. Section 1 of such act is amended by adding after subsection (b) thereof the following new subsection:

"(c) It shall be the duty of the Commission to assemble and keep current pertinent information relevant to determination of whether, by reason of lack of effective competition among producers or gatherers of natural gas, the flow of natural gas into interstate commerce is being or will be unduly retarded or interfered with or the price of natural gas sold in interstate commerce for resale is being or will be unduly affected. If, at any time, the Commission shall so determine, it shall report to the President and to the Congress its conclusions, together with the data upon which its conclusions are based, and its recommendations, if any, for remedial action."

"Sec. 3. Subsection (6) of section 2 of such act is amended by inserting before the first word thereof the following: 'Subject to the limitations of section 1 (b).'"

"Sec. 4. Section 2 of such act is amended by adding at the end thereof the following new subsection:

"(10) A sale shall be deemed to be at 'arm's length' unless (1) it is by a person

who is in such relation to the buyer by reason of voting-stock interest, common officers or directors, or other evidence of affiliation, that there is liable to be an absence of independent bargaining between them, or (2) the sale is, in fact, not arrived at by independent bargaining between the buyer and seller."

Mr. ALLEN of Illinois. Mr. Speaker, it is rather difficult to follow my good friend from Texas [Mr. LYLE], because when he makes a presentation it is so clear, so sound, so logical it leaves little for the rest of us to say. I concur in everything he said. This resolution provides to take the bill H. R. 1758 from the Speaker's table and concur in the Senate amendments. The other method, of course, would be to appoint conferees and have a conference between the House and the other body.

As you have listened here to the amendments of the other body, I know you will all agree there is little change in those amendments from the original bill which we passed here last year by a vote, I believe, 183 to 131.

I say these amendments are merely to clarify the bill which we passed last fall. Of course you know just recently the other body passed this bill by a fairly large vote.

This bill would ban the price-fixing of gas down at the source. If it is not enacted the situation would be comparable to the people of Texas saying to the shoe merchants and manufacturers of Massachusetts, for example, "We would like to fix the price of shoes. We think we are paying too much. We think some commission in Washington should fix the price of the thing that you produce." For one, I believe in free private enterprise, free competition, not price fixing.

This only affects the independent producers. In other words, the Federal Power Commission will have control and they will still regulate your National Gas Association, or anyone affiliated with the National Gas Association.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. DONDERO. I come from the industrial area of Detroit, Mich. We use a great deal of gas, both in industry and for domestic consumption. Will this change made by the other body increase the cost of gas to our people and to our industries in Michigan?

Mr. ALLEN of Illinois. In answer to the gentleman from Michigan, may I say it is really an oddity, but the facts are clear, that during the past 10 years the price of gas has decreased. It is the only commodity I can think of where that has happened. While coal and oil have increased, as well as everything else that the gentleman probably buys, the fact is undisputed that during the past 10 years the price of gas has come down and these people, upon whose judgment I rely, contend that in the event of the passage of this bill it will be an incentive to sell more gas and that therefore the production being greater, it is only logical that the price of gas would come down.

Mr. DONDERO. Then the answer to my question is that it is your opinion gas in Michigan and other States far

removed from the gas fields will not cost more to the consumer?

Mr. ALLEN of Illinois. My opinion is that that is the case, because I rely upon the judgment of certain people. That is my authority for saying that; and also the additional fact that it is clear they will sell more gas and naturally with a larger production the inclination will be for the prices to come down.

I yield to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. I challenge that statement that this is not going to affect the price of gas. You can stake your lives on it, that if this goes through, and I hope it does not, it is going to raise the price of gas in Detroit and in every other consumer area because just as sure as God made green apples, when you permit Texas and Oklahoma utilities commissions to regulate the basic rates for the consumer in Michigan, New York, or elsewhere, they are going to raise it and not lower it.

Standard of New Jersey and of Indiana and Phillips and all the rest of them will see to that.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MICHENER. To boil it all down, then, is this not what it means? That under existing law if the Federal Power Commission has the authority to fix prices, then the Congress has something to say about it. If this bill is passed, is this resolution is agreed to, the rate which we pay for gas in Michigan and every other State in the Union will be fixed by the State where the gas comes from. I challenge anyone to deny that.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. HARRIS. I should like to challenge the statement made by the gentleman from Michigan [Mr. MICHENER]: I wish the gentleman would listen to me. The States do not at this time have any authority, nor have they exerted any authority whatsoever, over the rates of gas by producers and gatherers. There has been only one attempt, and that was in the case of the Oklahoma situation, which is presently in the Supreme Court of the United States. Throughout the history of the industry, no State at any time has controlled the rates at the well-head and the gatherers.

Mr. MICHENER. I went along with the gentleman when this matter was before the Congress before.

Mr. HARRIS. And I appreciate it.

Mr. MICHENER. I gave the matter some consideration. I listened to what the gentleman said, and I believed it. My later investigation has convinced me that there is a difference between wholesale prices and, second, between retail prices of gas, and where the price is fixed in the State where produced and the place where sold. I am convinced—I may be wrong—I never attempt to speak with finality on any subject, but when I find I am wrong in my own mind I do not hesitate to change. I agreed with the gentleman when this bill was before us. I disagree with him today, and I shall vote against this resolution. I do not like to have the producers in oil







hostile to our system of democratic government: President Monroe stated this principle in his message to Congress of December 2, 1823.

This principle has been appealed to in recent years, when we have been disturbed over rumored attempts by Nazi or Fascist organizations to extend their systems to this hemisphere.

13. Freedom of the seas: A principle of international law for which we have stood time and time again.

14. The freedom of men and women to travel upon their legitimate and innocent occasions without unnecessary or unreasonable let or hindrances: This is a principle that is suffering through ever-increasing restrictions upon travel.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. KEEFE. I notice the gentleman from Nebraska has brought into the Well of the House one portion of the bill now before us. I know the distinguished gentleman who is now about to address us has also read and examined the Budget, which is a printed document of great size, which is submitted to the Congress each year and referred to the Committee on Appropriations. As a matter of fact, is it not true that in the Budget which is submitted to the Congress, and then referred to the Committee on Appropriations, anyone can see there a one-package bill and determine from examining the Budget itself just exactly what the President's estimates of expenditures are and what the revenues will be. Is that not true?

Mr. STEFAN. That is correct.

Mr. ROONEY. Mr. Chairman, will the gentleman from Nebraska yield?

Mr. STEFAN. I yield.

Mr. ROONEY. I just want to make this observation in answer to the statement or question of the gentleman from Wisconsin, that while the budget estimate shows what the President and his Bureau of the Budget requests, it does not show the action of the Appropriation Committee of Congress which can only be shown at one time by a one-package appropriation bill.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Can the gentleman tell me why, from among the personnel who served the United States in the armed services, more persons were not selected to handle our affairs of state abroad; men whose loyalty cannot be doubted? I cannot understand this hasty selection of persons, some of whom have spent comparatively few years in the United States and who have been citizens of the United States only a short time. Can the gentleman answer those questions?

Mr. STEFAN. I cannot; I am sorry.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from California.

Mr. PHILLIPS of California. I rose to ask the gentleman before, and now, if it was his intention to include with his remarks the list that he now has upon the tabletop in front of him.

Mr. STEFAN. I did not intend to include that with my remarks. I have it

here for the information of every Member of the House. I understand, however, that another Member of the House is going to talk about this subject and he will undoubtedly include them with his remarks.

Mr. PHILLIPS of California. I would like to say as one Member of the House that it should be included so that it will be obtainable, because we have found at home a rising tide of interest in this subject and we dislike to talk in generalities. It seems to me we have reached a point in the discussion where we should be able to give specific information and anything the gentleman can supply will be very helpful.

Mr. STEFAN. I thank the gentleman. I wish to say to the members of the committee, I know it is very hard for all of you to go through these hearings on all of these bills, but I assure you that I personally know that every volume of this appropriation bill, which contains more than 70 percent of our requests for running our Government during the next fiscal year, is today being indexed page by page, and item by item, by the very efficient staffs of the legations, the embassies and the consulates of foreign governments whose staffs have been increased 100 percent, especially those representing countries behind the iron curtain. The employment in the Russian delegation in the United Nations, when the Assembly is in session, always increases from 50 to over 100, and I notice that the number of representatives of foreign governments who are presently in a diplomatic status in the District of Columbia, have increased over 100 percent. It is a very important problem, and if we are, as the chairman says, nearing a hot war, beware, America.

Mr. ROONEY. Mr. Chairman, will the gentleman from Nebraska yield?

Mr. STEFAN. I yield to the gentleman from New York.

Mr. ROONEY. Is it not the fact that as a result of this situation which the distinguished gentleman from Nebraska describes, it becomes necessary for the subcommittees on appropriations to hear a great deal of the pertinent testimony off the record?

Mr. STEFAN. I thank the gentleman. I will say that in making up my brief statement on this warning to America, I took into consideration many of the statements that were told to us off the record, and for reasons of security. When you take the floor, there are so many things that you do not dare to talk about. The gentleman will agree with me that the situation is alarming, will he not?

Mr. ROONEY. I certainly do. I will say to the gentleman from Nebraska that he is entitled to the commendation of this House for the presentation he has made here this afternoon. In my estimation, my distinguished friend, the gentleman from Nebraska, KARL STEFAN, is one of the ablest, if not the ablest, Member of the House Committee on Appropriations, and I heartily agree with what he has said here this afternoon.

Mr. STEFAN. I deeply appreciate the commendation of my subcommittee chairman.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. The gentleman knows my opinion of his ability and his loyalty and his anxiety to rid the country of Communists and subversive persons, and to have a Foreign Service that is the finest and most loyal in the world.

Mr. STEFAN. I thank the gentleman.

Mr. CANNON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7786) making appropriations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes, had come to no resolution thereon.

#### FACILITATION OF THE WORK OF THE FOREST SERVICE

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 29, 1950.)

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### RURAL REHABILITATION CORPORATION TRUST LIQUIDATION ACT

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreement with State rural rehabilitation corporations, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 31, 1950.)

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HOPE. Will the gentleman explain the differences between the conference report and the House version of the bill?

Mr. COOLEY. Actually, no very important changes were made in the House bill. The only very substantial change is with regard to the disposal of trust



assets. The bill now provides for an outright rate of the assets of the several corporations. It provides a 3-year period within which the State corporations may make application for a rate of such assets pursuant to the trust agreement. In the event no application for a rate of the trust assets is filed within 3 years, the House bill provided that such assets would be placed in a revolving fund to be used within the State for purposes of the Bankhead-Jones Farm Tenant Act. The conference report, which is in the nature of a compromise between this provision and a provision in the Senate bill which provided that such assets would under such circumstances revert to the Treasury authorizes the Secretary of Agriculture to enter into an agreement with any State rural rehabilitation corporation or other State agency having official jurisdiction of the trust assets which have been returned pursuant to the provisions of the act and for the administration of such funds by the Secretary, together with any other funds which may be transferred to the Secretary by such corporations or other agencies, to be used in carrying out within the State the general purposes of titles 1, 2, and 4 of the Bankhead-Jones Farm Tenant Act. This will permit States which want to have these funds administered by the Federal Government to provide by agreement a program very similar to that which has been in effect in the past or such other program as may be agreed upon and which might be compatible with the letter and spirit of the law. The statement of the managers on the part of the House, which has just been read, clearly indicates that the changes are not too important. I might observe, however, that such changes as have been made, I am certain, will meet with the approval of the officials of the Farmers Home Administration.

Mr. HOPE. There is a further provision, is there not, that if the funds are not claimed in either way by the States they will go into the General Treasury of the United States?

Mr. COOLEY. That is right.

Mr. HOPE. I thank the gentleman.

Mr. COOLEY. Mr. Speaker, the committee of the conference has agreed on a bill to provide for the liquidation of the trusts under the transfer agreements between the Secretary of Agriculture and the various State rural rehabilitation corporations. The conference report (H. Rept. No. 1865) on the bill (S. 930) has been signed by the managers of the bill for the House and Senate and has been published in the CONGRESSIONAL RECORD for March 31, 1950.

This bill, which originated in the House as H. R. 2392, was debated at length here in the House on March 1 and 2, and was passed. As will be seen from the conference report, only one significant change was made in the bill by the conference committee. That was the deletion of the revolving fund provision of section 2 (e) and the substitution for it of section 2 (f) as a compromise between the provisions of the House and Senate bills.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

#### LIQUIDATION OF STATE RURAL REHABILITATION CORPORATION TRUST ASSETS

(Mr. COOLEY asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. COOLEY. Mr. Speaker, the addition of a new section 2 (f) was discussed in the House debates and was requested by numerous members of both Houses and the Administrator of the Farmers Home Administration in order that the bill might provide authority for the Secretary to contract with the State rural rehabilitation corporations or other State agencies or officials having jurisdiction of the corporate assets, hereinafter referred to as the "corporations" unless otherwise indicated, for the administration of all or a part of the corporate assets by the Farmers Home Administration.

While it is anticipated that some corporations may desire to have all of their assets returned to them for administration, it is anticipated that others will prefer to have all of their assets, except such as may be needed for their administrative expenses, administered by the Secretary through the Farmers Home Administration under section 2 (f) contracts, and that still others may prefer to have a part of their assets returned to them for use in carrying out particular projects, defraying their administrative expenses, et cetera, and to have the remainder of their assets administered under such section 2 (f) contracts. The bill permits such combination methods to be used.

Agreements entered into under section 2 (f) would provide for administration of the transferred assets by the Secretary upon such terms and conditions and for such periods of time as were mutually agreeable to the Secretary and the corporations. Agreement upon the rules and regulations governing the administration of the transferred assets would enable the corporations through their officials or designated representatives to keep abreast of the administration of their assets, should enable them to answer inquiries of State officials vested with authority to inquire into the administration of such assets, and should avoid any accounting problems with which the Secretary might otherwise be confronted at the termination of the agreements. The agreements could provide for administration of the transferred assets in the name of the United States and for use of its service agencies as at present, if that is considered desirable.

Agreements could be entered into under section 2 (f) for the purpose of permitting the Secretary to use corporate assets for the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act, as amended, and for other purposes for which they were previously used by the Secretary, if they were transferred to him for those purposes. The

agreements could also contain such other provisions as are deemed necessary, so long as they are consistent with the provisions of the bill.

Agreements entered into under section 2 (f) could permit the Secretary to use a reasonable percentage of the transferred assets for expenses of administration thereof, or any amounts appropriated by Congress for that purpose. Expenditures for such costs of administration should be kept reasonable, consistent with the services required to be performed. Since the administrative functions under section 2 (f) contracts will be substantially the same as they were under the trust agreements, it would seem that such expenditures by the Secretary could be kept within the rate heretofore charged by the Secretary against the trust assets in connection with his administration thereof through the Farmers Home Administration, except for the cost of special personnel employed under section 4 (a) to aid the Secretary in liquidating the trusts, returning the trust assets to the corporations or States, entering into contracts under section 2 (f), and so forth. There would seem to be no good reason why Congress should make appropriations for administration of such assets, but that is a matter for consideration in connection with annual Department of Agriculture appropriation acts.

The entering into of agreements under section 2 (f) would be entirely optional with the Secretary and each corporation or other State agency or official having jurisdiction of the corporate assets, and at the termination of the original agreement or last renewal thereof, the assets then remaining of those transferred to the Secretary for administration, would be returned to the corporation or other State agency or official having jurisdiction thereof, in the same manner and to the same extent as if the 2 (f) agreement had never been entered into.

#### EXTENSION OF REMARKS

Mr. KLEIN asked and was given permission to extend his remarks in four instances and include extraneous matter.

Mr. TAURIELLO asked and was given permission to extend his remarks and include an article from the Buffalo Courier.

Mr. FLOOD asked and was given permission to extend his remarks and include an address.

Mr. CARNAHAN asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. PHILLIPS of California asked and was given permission to extend his remarks.

Mr. VELDE asked and was given permission to extend his remarks in two instances, in each to include editorials.

Mr. JENISON asked and was given permission to extend his remarks in two instances, in each to include extraneous matter.

Mr. FOULSON (at the request of Mr. H. CARL ANDERSEN) was given permission to extend his remarks in two instances, and to include an editorial.

Mr. SMITH of Wisconsin asked and was given permission to extend his re-







have been shot down with materials provided by us.

During World War II our ships and planes were blasted with scrap iron furnished by us to the Japs. Millions of American men risked their lives facing it. Tens of thousands were killed or maimed for life.

We are again supplying, indirectly, materials of war to an unfriendly nation. The figures which I now present indicate that we are repeating again our errors of the past. They show that Marshall-plan nations in Europe are making substantial shipments of war materials—to Russia and the Russian satellites—materials which we ourselves have refused to ship to those countries. At the very same time that we are making gigantic efforts to rearm the countries of western Europe, some of these nations are furnishing materials for the Russian rearmament program.

Let's take a look at the picture. It won't be a complete look for I have been unable to obtain figures on shipments from Sweden which is perhaps more involved than any other beneficiary of our generosity. My information covers shipments from Belgium-Luxemburg, France, and England to Soviet Russia and the satellite countries.

It was furnished to me yesterday by the Office of International Trade, Department of Commerce. The compilation shows that during the year 1949 Belgium-Luxemburg, the United Kingdom, and France shipped the following items to Russia and the satellite countries:

*Partial list of exports from Belgium-Luxemburg during 1949 to Russia and satellite nations<sup>1</sup>*

Item	Amount in dollars <sup>2</sup>	Amount in thousands of francs	Metric tons <sup>3</sup>
Arms (to Czechoslovakia).....	6,040	302	-----
Iron, cast iron, and steel.....	10,782,840	989,142	151,749
Copper.....	11,028,820	551,441	23,523
Lead.....	1,583,160	79,158	4,836
Zinc.....	3,003,780	150,189	10,413
Tin.....	941,060	47,053	485
Other base metals and alloys.....	1,387,360	69,368	623
Boilers, machinery, mechanical apparatus and appliances, and parts.....	7,937,880	396,894	6,273
Electrical machinery and apparatus, and articles for electrotechnical use, and parts.....	5,840,660	292,033	-----
Railway and tramway rolling stock and material.....	430,600	21,530	872
Optical, measuring, precision, and other instruments and apparatus.....	2,480	124	-----
Chemical products.....	1,709,540	85,477	8,573
Explosives, fireworks, matches and other inflammable materials.....	1,447,960	72,398	2,014
Rubber and manufactures.....	942,600	47,130	1,355

<sup>1</sup> Complete list available in my office, including a break-down of exports by importing country.

<sup>2</sup> Computation based on current exchange rate of 50 francs to the dollar.

<sup>3</sup> 1 metric ton is equal to 2,204.6 pounds.

*Partial list of exports from United Kingdom during 1949 to Russia and satellite nations*

Item	Amount in dollars <sup>1</sup>	Amount in thousands of pounds sterling	Quantity
Ball and roller bearings and parts.....	243,600	87	<sup>2</sup> 2,000
Iron, steel, and manufactures (total).....	12,140,800	4,336	<sup>2</sup> 88,000
Steel bars and rods, not alloy.....	1,736,000	620	<sup>2</sup> 20,000
Bars and rods of alloy steel.....	504,000	180	<sup>2</sup> 1,000
Hoop and strip.....	422,800	151	<sup>2</sup> 3,000
Railway and tramway construction material.....	708,400	253	<sup>2</sup> 10,000
Barbed wire.....	420,000	150	<sup>2</sup> 3,000

Footnotes at end of table.

*Partial list of exports from United Kingdom during 1949 to Russia and satellite nations—Continued*

Item	Amount in dollars <sup>1</sup>	Amount in thousands of pounds sterling	Quantity
Iron, steel, and manufactures (total)—Con.			
Cable and rope (except insulated telegraph and telephone cable).....	425,600	152	<sup>2</sup> 1,000
Nonferrous metals and manufactures (total).....	4,062,800	1,451	-----
Aluminum and alloys.....	618,800	221	<sup>2</sup> 21,000
Brass and other alloys of copper, other than nickel alloys.....	1,142,400	408	<sup>2</sup> 63,000
Copper.....	694,400	248	<sup>2</sup> 1,000
Electrical goods and apparatus.....	6,806,800	2,431	-----
Machinery (total, excluding hall and roller bearings and parts).....	45,172,400	16,133	<sup>2</sup> 867,000
Electric generators.....	11,986,800	4,281	<sup>2</sup> 181,000
Electrical machinery, other than motors and generators.....	2,864,400	1,023	<sup>2</sup> 46,000
Machine tools (metal-working) other than portable power tools.....	5,138,000	1,835	<sup>2</sup> 129,000
Vehicles (total, including locomotives, ships, and aircraft.....	13,361,600	4,772	-----
Rubber tires for motor vehicles, other than motorcycles and tri-cars.....	229,600	82	9,000
Chassis for motor vehicles, with engines.....	1,660,400	593	1,000

<sup>1</sup> Computation based on present exchange rate of \$2.80 to the pound sterling.

<sup>2</sup> Hundredweight (112 pounds).

<sup>3</sup> Long tons.

*Partial list of exports from France during 1949 to Russia and satellite nations*

Item	Amount in dollars <sup>1</sup>	Amount in thousands of francs	Metric tons
Chemicals:.....			
Inorganic.....	1,546,750	533,365	23,425
Organic.....	983,283	339,063	610
Rubber and rubber products.....	1,678,616	578,833	1,426
Steel-mill products, hot-rolled, sheets and plates.....	4,198,881	1,447,800	41,696
Steel-mill products, cold-rolled, tubular products and wire.....	3,087,703	1,064,725	10,283
Aluminum, crude and semi-manufactures.....	369,245	127,326	845
Aluminum alloys.....	408,688	140,927	833
Lead and lead alloys.....	316,349	109,086	1,115
Metal manufactures.....	2,046,376	705,647	3,985
Machinery and apparatus.....	10,272,238	3,542,151	6,771
Machinery, electrical and apparatus.....	2,015,239	694,910	525
Transportation equipment.....	8,281,011	2,855,521	7,913
Optical, surgical, scientific, and photographic instruments and apparatus.....	1,113,145	383,843	115

<sup>1</sup> Computation based on current exchange rate of 350 francs to the dollar.

It will be remembered that these figures cover shipments from only three of the Marshall plan areas: Belgium-Luxemburg, France, and Great Britain. I am endeavoring to obtain similar information for other countries, including Sweden, which in 1948 was the second largest western European exporter to countries behind the iron curtain. (Great Britain has the dubious distinction of being first.) However, so far, the Administration is unable or unwilling—to make this further information available to me.

Last year, in accordance with policy laid down by the Congress, the United States Office of International Trade placed drastic restrictions on exports from the United States to Russia. As a result, according to the Department of Commerce, "domestic merchandise exported to Russia during the year amounted to only \$6,434,000, the lowest

annual figure since 1923, and only about one-fourth of 1948 exports."

Since March 1, 1948, the United States has placed stringent restrictions on the export to eastern Europe of commodities regarded as having direct or indirect military significance.

It is essential to our national security that this country continue to ban shipments of war material to the Soviet Union. It is tragically absurd for us to pour into western Europe vast quantities of war materials under the Marshall plan and the arms-aid program, only to have our friends export the same materials to Russia and other countries behind the iron curtain.

Apologists for these shipments should be reminded that it takes only one bullet, only one piece of shrapnel, to kill a man. It takes only one shell to bring down a plane.

#### RURAL REHABILITATION CORPORATION TRUST LIQUIDATION—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I ask that the Vice President lay before the Senate for immediate consideration the conference report on Senate bill 930. There is no opposition to it. The conferees have agreed to it unanimously.

The VICE PRESIDENT laid before the Senate the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930), to provide for the liquidation trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, which was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Rural Rehabilitation Corporation Trust Liquidation Act'."

"Sec. 2. (a) The Secretary of Agriculture (hereinafter referred to as the 'Secretary') is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

"(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporation shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

"(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and appointments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom will be used



only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds of properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

"(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

"(e) In the event no application is made, as provided for in this Act, within three years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

"(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2 (c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

"Sec. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

"Sec. 4. For the purposes of this Act, the Secretary shall have the power to—

"(a) employ on a contract basis (without regard to the provisions of the civil-service

laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

"(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

"(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

"Sec. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

"Sec. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

"(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

"Sec. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed."

And the House agree to the same.

ALLEN J. ELLENDER,  
CLYDE R. HOEF,  
CLINTON P. ANDERSON,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,

*Managers on the Part of the Senate.*

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
CLIFFORD R. HOPE,

*Managers on the Part of the House.*

The VICE PRESIDENT. Is there objection to the consideration of the conference report?

Mr. WHERRY. Reserving the right to object, of course the distinguished Senator from Louisiana will explain what the conference report does.

Mr. ELLENDER. Yes.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. As I have just stated the conferees were unanimous in their findings. The bill seeks to settle a trust of \$50,000,000 which is now in the hands of the Department of Agriculture. Each State is permitted to make application for its share of this trust. I can go further into the matter if the Senator desires.

Mr. WHERRY. No; I believe the statement made by the Senator is completely satisfactory. The conferees were unanimous in their decision, were they?

Mr. ELLENDER. They were.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

#### AUTHORIZATION OF POSTHUMOUS AWARD OF APPROPRIATE DECORATION TO MEMBERS OF THE CREW OF THE UNITED STATES NAVY PRIVATEER

Mr. LUCAS. Mr. President, I send to the desk a very important joint resolution, and I ask for its immediate consideration. I ask that the resolution be read.

The VICE PRESIDENT. The Secretary will read the joint resolution.

The joint resolution (S. J. Res. 166), to authorize the award posthumously of an appropriate decoration to members of the crew of the United States Navy Privateer who lost their lives in or over the Baltic Sea on April 8, 1950, while in the performance of duty, was read the first time by title and the second time at length, as follows:

*Resolved, etc.,* That the Secretary of the Navy is authorized and directed to award posthumously to the officers and crew of the United States Navy Privateer who lost their lives while on a flight between Wiesbaden, Germany, and Copenhagen, Denmark, in or over the Baltic Sea on April 8, 1950, an appropriate decoration in recognition of their outstanding and heroic services in the performance of duty.

SEC. 2. The Congress hereby tenders its condolences to the families of the deceased and expresses its gratitude for their gallantry and devotion to duty.

SEC. 3. The Secretary of the Navy is authorized and directed to transmit a copy of this resolution to the family of each of the deceased.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. LUCAS. Mr. President, it has become very clear that the Government of Soviet Russia is responsible for the disappearance of an American Navy plane which vanished after a flight over the Baltic Sea near a region occupied by Soviet military forces.

This barbaric action by the ruthless forces controlled by the totalitarian government in Moscow has shocked the de-







[PUBLIC LAW 499—81ST CONGRESS]

[CHAPTER 152—2D SESSION]

[S. 930]

AN ACT

To provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the “Rural Rehabilitation Corporation Trust Liquidation Act”.

SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the “Secretary”) is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom will be used only for such of the rural rehabilitation purposes permissible under the corporation’s charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation’s assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

(e) In the event no application is made, as provided for in this Act, within three years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2 (c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

SEC. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corporations or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

SEC. 4. For the purposes of this Act, the Secretary shall have the power to—

(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other



agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

SEC. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

SEC. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

SEC. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed.

Approved May 3, 1950.

